

STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

2002-03 ANNUAL REPORT



M. Jodi Rell
Governor

Pam Law
Commissioner

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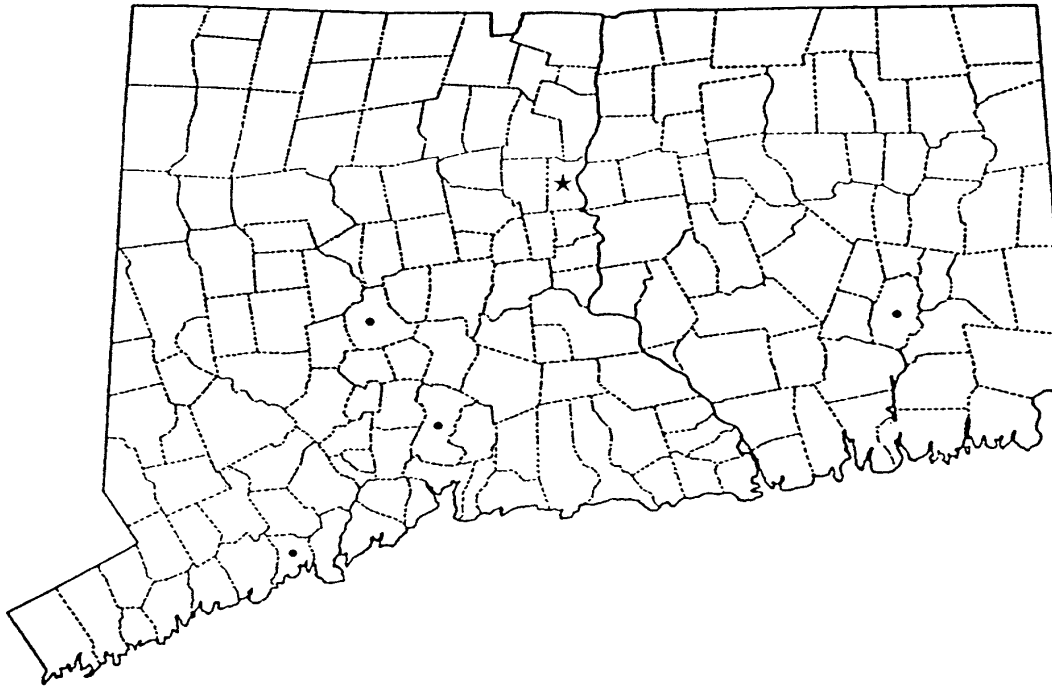
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OVERVIEW OF THE DEPARTMENT

The Mission
of the
Connecticut Department of Revenue Services
is to administer the tax laws of the State of Connecticut
and collect the tax revenues in the most cost effective manner;
achieve the highest level of voluntary compliance
through accurate, efficient and courteous customer service;
and perform in a manner which instills public confidence in the
integrity and fairness of the state's tax programs.

DEPARTMENT OF REVENUE SERVICES LOCATIONS



MAIN OFFICE

25 Sigourney Street
Hartford, Connecticut 06106
Phone: (860) 297-5962
1-800-382-9463 (In-state only)
TDD/TT (860) 297-4911
www.drs.state.ct.us

FIELD OFFICES

BRIDGEPORT REGIONAL OFFICE

10 Middle Street
Bridgeport, Connecticut 06601
Phone: (860) 579-6251

NORWICH REGIONAL OFFICE

2 Cliff Street
Norwich, Connecticut 06360
Phone: (860) 889-2669

NEW HAVEN REGIONAL OFFICE

3074 Whitney Avenue, Bldg. #2
Hamden, Connecticut 06517
Phone: (203) 287-8243

WATERBURY REGIONAL OFFICE

55 West Main Street, Suite 100
Waterbury, Connecticut 06702
Phone: (203) 805-6789

CONNECTICUT'S TAXES

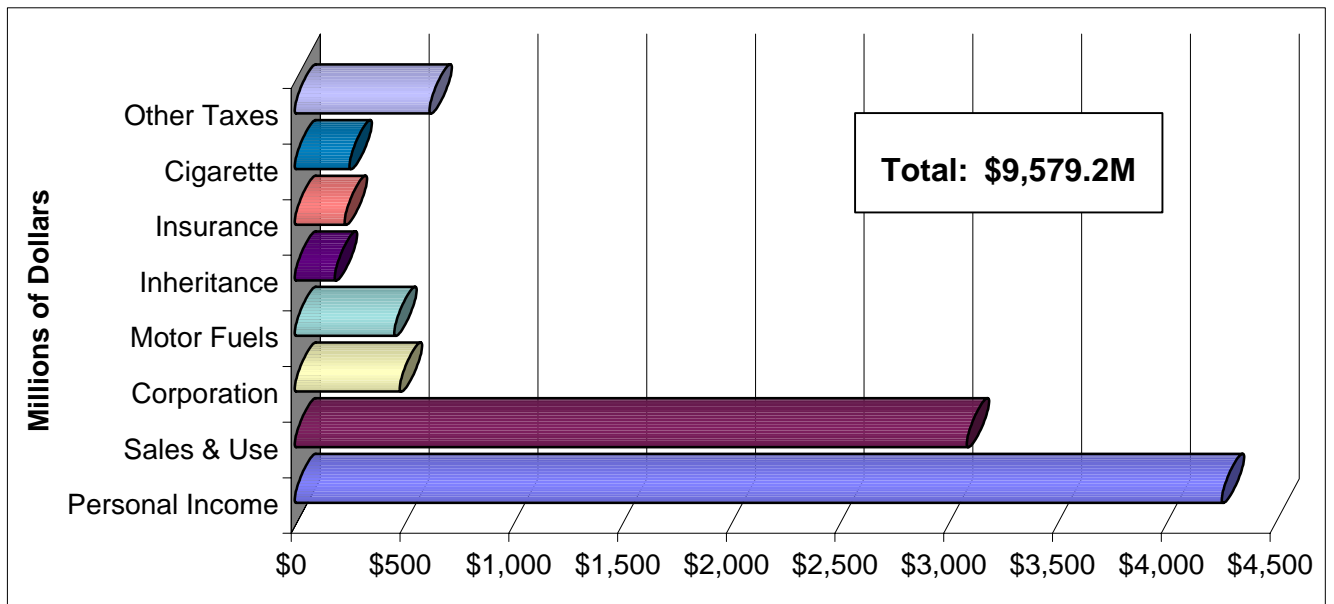
*The Department collected
over \$9.5 billion in revenue
for fiscal year 2002-03.*

*82 % of collections
were attributable to the Income Tax,
Corporation Business Tax and
Sales & Use Tax.*

State Revenue Sources

Tax Type & Citation	Fiscal Year Ending		
	June 30, 2001	June 30, 2002	June 30, 2003
Admissions & Dues Tax <i>Ch. 225</i>	\$ 25,742,422	\$ 26,849,216	\$ 31,666,187
Alcoholic Beverages Tax <i>Ch. 220</i>	41,145,655	41,618,820	42,490,673
Automobile Rental Surcharge <i>Ch. 228h</i>	127,365	84,755	110,498
Business Entity Tax <i>Ch. 213a</i>	0	0	24,071,137
Capital Gains, Dividends & Interest Tax <i>Ch. 224</i>	189,620	167,042	339,753
Cigarette Tax <i>Ch. 214</i>	115,136,385	156,766,569	251,769,548
Community Antenna TV Systems Cos. <i>Ch. 211</i>	28,640,293	29,667,698	45,516,270
Connecticut Estate Tax <i>Ch. 217</i>	70,123,053	78,610,645	111,823,742
Controlled Substances <i>Ch. 228d</i>	87,135	147,547	153,377
Controlling Interest Transfer <i>Ch. 228b</i>	1,165,395	1,366,896	1,907,508
Corporation Business Tax <i>Ch. 208 & 209</i>	546,662,053	371,783,975	482,973,898
Dry Cleaners Surcharge <i>Ch. 211b</i>	922,830	906,281	933,624
Electric and Power Companies <i>Ch. 212</i>	27,865,890	30,882,437	31,408,143
Fiduciary Estate Tax <i>Ch. 218a</i>	5,265	5,215	3,079
Gas Companies <i>Ch. 212</i>	50,591,376	31,181,829	43,258,247
Gas and Electric Companies <i>Ch. 212</i>	73,393,178	74,762,744	77,699,345
Gift Tax <i>Ch. 228c</i>	28,206,636	19,953,803	27,334,616
Hazardous Waste Tax <i>Ch. 445</i>	390,114	83,223	10,745
Health Care Centers <i>Ch. 207</i>	28,893,604	41,280,791	42,021,943
Hospital Gross Earnings <i>Ch. 211a</i>	334,106	38,128	0
Income Tax <i>Ch. 229</i>	4,743,440,250	4,266,291,049	4,262,774,778
Insurance Companies, Domestic <i>Ch. 207</i>	26,332,115	31,063,908	32,722,397
Insurance Companies, Foreign <i>Ch. 207</i>	129,879,387	135,999,108	151,041,950
Motor Carrier Road Tax <i>Ch. 222</i>	10,274,045	8,780,096	11,756,924
Motor Vehicle Fuels Tax <i>Ch. 221</i>	407,559,662	421,805,196	446,537,641
Nursing Home Provider Tax <i>Ch. 228f</i>	0	0	514
Occupational Tax <i>Ch. 876</i>	5,937,106	5,947,456	6,014,636
Petroleum Tax (Oil Companies) <i>Ch. 227</i>	127,567,873	100,113,929	125,451,235
Railroad Companies <i>Ch. 210</i>	55,585	103,605	77,716
Real Estate Conveyance Tax <i>Ch. 223</i>	111,113,467	119,351,195	147,410,832
Sales and Use Taxes <i>Ch. 219</i>	3,184,327,113	3,064,794,682	3,091,365,923
Seed Oyster Tax <i>Ch. 491</i>	0	0	0
Solid Waste <i>Ch. 446d</i>	2,274,489	2,245,933	2,440,962
Succession Tax <i>Ch. 216</i>	182,673,179	74,476,175	72,493,562
Telecommunications <i>Ch. 210a</i>	90	0	0
Tire Fee <i>Ch. 446d</i>	(14)	0	1,692
Tobacco Products <i>Ch. 214a</i>	4,492,025	4,443,667	4,569,548
Tourism Account Surcharge <i>Ch. 228e</i>	4,876,640	4,536,350	4,433,561
Unauthorized Insurers <i>Ch. 698d</i>	1,762,499	2,905,424	3,697,812
Unrelated Business Income Tax <i>Ch. 208a</i>	3,735,458	2,392,948	903,944
Total	\$9,985,923,344	\$9,151,408,334	\$9,579,187,960

**Department of Revenue Services
Tax Receipts FY 2002-03**



ADMISSIONS AND DUES TAX

Revenue	
FY 2000-01	\$ 25,742,422
2001-02	26,849,216
2002-03	31,666,187

Exemptions

Admissions charges:

- under \$1;
- of a non-profit organization;
- to motion pictures not more than \$5.00;
- to live performances at non-profit theaters or playhouses, Gateway Candlewood Playhouse, and Ocean Beach Park;
- to sporting or athletic activities in which patrons participate;
- to any carnival or to any amusement ride;
- to cabarets;
- to home games of the:
 - New Britain Rock Cats,
 - New Haven Ravens, and
 - Waterbury Spirit;
- to any event at the:
 - Hartford Civic Center,
 - New Haven Coliseum,
 - Connecticut Exposition Center,
 - New Britain Beehive Stadium,
 - New Britain Stadium,
 - New Britain Veterans Memorial Stadium,
 - Bridgeport Harbor Yard Stadium,
 - Stafford Motor Speedway,
 - Lime Rock Park,
 - Thompson Speedway,
 - Waterford Speedbowl,
 - Tennis Foundation of Connecticut or any successor organization, and
 - William A. O'Neill Convocation Center.

Dues:

- Annual dues under \$100;
- Lawn Bowling Clubs;
- Locker Rental Fees;
- Additional charges used to acquire open space land;
- Dues of a charitable, religious, governmental or non-profit educational institution; and
- Dues of any society, order or association operating under the lodge system or local fraternal organizations among students of a college or university.

ADMISSIONS AND DUES TAX (cont.)

Number of Taxpayers / Filing Frequency

Admissions	175 taxpayers / Monthly
Dues	420 taxpayers / Monthly

Basis and Rate

Admissions	6% of the admissions charge to motion picture shows. 10% of the admission charge to any other place of amusement, entertainment, or recreation.
Dues	10% of membership dues or initiation fees to any social, athletic or sporting club organization.

Comparative Data

Tax Due	FY 2000-01	FY 2001-02	FY 2002-03
Motion Picture Admissions	\$ 4,906,361	\$ 4,537,517	\$5,186,747
Other Admissions	4,046,853	4,591,216	6,081,062
Dues	16,789,208	17,720,483	20,398,378
Total	\$ 25,742,422	\$ 26,849,216	\$ 31,666,187

ALCOHOLIC BEVERAGES TAX

A tax is imposed on all distributors of alcoholic beverages on the sale of alcoholic beverages within Connecticut. Distributors must report the total number of gallons of each alcoholic beverage sold during the month, the opening and closing inventories and the amount of tax due. Sales of alcoholic beverages are also subject to the Sales and Use Tax.

Revenue	
FY 2000-01	\$41,145,655
2001-02	41,618,820
2002-03	42,490,673

Exemption

Sales of malt beverages which are consumed on the premises of an establishment covered by a manufacturer's permit.

Number of Taxpayers/Filing Frequency

96 distributors/ Monthly

Basis and Rate

Beer	\$6.00 per barrel (31 gallons)
Beer	20¢ per gallon
Still Wines	60¢ per gallon
Small Wineries	15¢ per gallon
Sparkling Wines	\$1.50 per gallon
Alcohol	\$4.50 per proof gallon
Distilled Liquor	\$4.50 per gallon
Liquor Coolers	\$2.05 per gallon

Comparison of Gallonage

TYPE	FY 2000-01 (gallons)	FY 2001-02 (gallons)	FY 2002-03 (gallons)
Beer - barrels	204,777	198,427	196,271
Beer - gallons	51,257,075	53,179,648	52,456,337
Still Wine	10,246,319	10,331,809	10,719,527
Small Wineries	71,185	82,099	74,381
Sparkling Wine	408,367	386,701	390,493
Distilled Liquor	4,964,623	5,008,970	5,143,307
Liquor Cooler	124,762	109,308	70,968
Alcohol	36,261	34,639	43,299

BUSINESS ENTITY TAX

For taxable years beginning on or after January 1, 2002, the following business entities are subject to an annual Business Entity Tax if they are required to file an annual report with the Connecticut Secretary of the State:

- *S corporations;*
- *Limited liability companies (LLCs), including single member limited liability companies (SMLLCs);*
- *Limited liability partnerships (LLPs); and*
- *Limited partnerships (LPs).*

Revenue	
FY 2002-03	\$24,071,137

Exemptions

- LLCs and SMLLCs that have elected to be taxed as a corporation for federal tax purposes; and
- Any domestic LP that is not formed under Chapter 610 of the Connecticut General Statutes

Number of Taxpayers/Filing Frequency

96,280 Entities/ Annually

Basis and Rate

For taxable years beginning on or after January 1, 2002, and prior to January 1, 2003, the BET is \$250. For taxable years beginning on or after January 1, 2003, and prior to January 1, 2004, the BET is \$300. For taxable years beginning on or after January 1, 2004, the BET is \$250

CIGARETTE TAX

An excise tax is imposed on all cigarettes sold in Connecticut. Payment is indicated by affixing stamps or heat applied decals to each pack of cigarettes. The stamps are sold to licensed dealers and licensed distributors. Sales of cigarettes are also subject to the Sales and Use Tax.

Revenue	
FY 2000-01	\$114,847,459
2001-02	156,485,164
2002-03*	251,495,142

Exemptions

- Sales or purchases at military bases; and
- Cigarettes sold to any state institution other than a correctional institution.

Number of Taxpayers/ Filing Frequency

67 taxpayers/ Monthly

Basis and Rate*

75½ mills per cigarette, or \$1.51 per pack of twenty. Prior to March 15, 2003, the rate was 55½ mills per cigarette, or \$1.11 per pack of twenty.

CONTROLLED SUBSTANCES TAX

A tax is levied on marijuana and controlled substances which creates an economic burden on drug dealers. Payment of the tax is indicated by the affixing of stamps to the marijuana or controlled substance. The tax is due and payable immediately upon acquisition or possession of the drug in Connecticut by a dealer.

Revenue	
FY 2000-01	\$87,135
2001-02	147,547
2002-03	153,377

Basis and Rate

\$3.50 per gram of marijuana;
\$200 per gram of controlled substance; and
\$2,000 per 50-dosage unit of controlled substance not sold by weight.

CONTROLLING INTEREST TRANSFER TAX

A tax is imposed on the transfer of a controlling interest in a corporation, partnership, association, trust or other entity, where an entity owns an interest, directly or indirectly, in Connecticut real property with a value of at least \$2,000. In a corporation, "controlling interest" means more than 50% of the combined voting power of all classes of stock in the corporation. For all other entities, "controlling interest" is an amount greater than 50% of the capital, profits or beneficial interest in that entity.

Revenue	
FY 2000-01	\$1,165,395
2001-02	1,366,895
2002-03	1,907,508

Exemptions

- Sales or transfers that effectuate a mere change of identity or form of ownership or organization where there is no change in the beneficial ownership of the entity;
- Sale or transfer of a controlling interest in any entity which possesses an interest in real property located in an enterprise zone;
- Transfers of land resulting from eminent domain proceedings;
- Mortgage deeds;
- Deeds to or by the United States of America, State of Connecticut or any political subdivision or agency thereof;
- Tax deeds;
- Deeds releasing any property which is a security for a debt or other obligation; and
- Deeds to any corporation, trust or other entity, of land to be held in perpetuity for educational, scientific, aesthetic or other equivalent passive uses (pending determination by the Internal Revenue Service).

Number of Taxpayers / Filing Frequency

21 transfers / The month following the month in which the transfer was made.

Basis and Rate

1.11% on the sale or transfer of a controlling interest. Also, an additional tax not to exceed 10% on the value of open space land, farmland and forestland, depending on the holding period, may be levied.

CORPORATION BUSINESS TAX

A corporation carrying on or doing business in Connecticut is subject to the Corporation Business Tax. Most corporations in Connecticut must file returns and pay corporation business tax although some corporations are exempt.

Corporations must calculate their tax under two alternative methods and remit the higher tax. If a corporation owes less than \$250 under both methods, it pays the minimum tax of \$250.

Revenue	
FY 2000-01	\$546,662,053
2001-02	371,783,975
2002-03	482,973,898

Basis and Rate

Net Income Base Method

The method under which the majority of Corporation Business Tax revenue is derived is the Net Income Base. Corporations compute their Connecticut Net Income by applying the adjustments allowed or required by Connecticut law to the federal taxable income of the corporation. Additions to the base include interest income wholly exempt from federal tax and unallowable deductions for corporation or franchise taxes paid to other states. Deductions from the federal base include 70% of the dividends received from domestic corporations in which ownership is less than 20% and capital loss carryover, if not deducted in computing federal capital gain.

Corporations are required to compute depreciation on their property without the bonus depreciation deduction recently allowed for federal tax purposes. For property placed in service after September 10, 2001 and before September 11, 2004, an additional 30% first-year deduction is allowed for federal purposes but not for the Connecticut Corporation Business Tax.

Connecticut uses an apportionment method to determine the portion of income taxable in the state. This method isolates what percentage of a corporation's economic activity takes place in Connecticut. Three factors: sales, payroll and property compare Connecticut to the nation to arrive at this percentage. The sales factor is double weighted.

CORPORATION BUSINESS TAX (cont.)

Special single-factor apportionment rules are currently provided for financial service companies, manufacturers and broadcasters.

Connecticut Net Income is taxed at the rate of 7.5%.

Capital Base Method

The second and alternate method corporations must compute their tax under is the Capital Base. The capital base is the total value of the average capital stock, surplus and undivided profits, and surplus reserves, less the average values of deficits and stockholdings in private corporations. Multi-state corporations multiply their capital base by an apportionment fraction.

The capital base is taxed at a rate of 3.1 mills (\$0.0031) per dollar. Under the capital base method, a corporation is limited to a maximum tax of \$1,000,000. Financial service companies are excluded from the capital base and minimum tax.

Minimum Tax

If a corporation's calculation of the tax is less than \$250 under both of the two previous methods, it pays a minimum tax, which is currently \$250. The majority of corporations pay the minimum tax.

Surtax

Effective for the 2003 income year all corporations must pay a surtax in an amount equal to 20% of the tax due before credits are applied. The surtax increases to 25% for the 2004 income year. Corporations paying the minimum tax of \$250 are subject to the surtax in income year 2003, but are not subject in 2004.

CORPORATION BUSINESS TAX (cont.)

Combined Returns/Preference Tax

If a corporation is permitted to file a federal consolidated return, it may file a combined return in Connecticut. Filing a combined return allows a group of corporations engaged in business in Connecticut to file jointly. Their combined Connecticut tax liability is determined after each corporation individually apportions its income to Connecticut.

A preference tax is imposed on corporations filing a combined return. These corporations are not entitled to the first \$25,000 of tax savings over what they would pay if they file separately. Combined filers must determine the total tax due as if they were filing separately. The difference, up to \$25,000, between this amount and the total combined tax is the preference tax and must be added to the total combined tax. For income years commencing on or after January 1, 2003, 2003 Conn. Pub. Acts 6 (June Special Session) increases the maximum preference tax from \$25,000 to \$250,000.

The total amount due for income year 2001 combined filers had they filed separate single returns would have been \$412.0M. The preference tax due by these filers was \$8.1M. The total tax due by combined filers was \$213.5M, including the \$8.1M in preference tax.

Exemptions

- Cooperative housing corporations;
- Homeowners associations;
- Domestic international sales corporations;
- Insurance companies;
- Certain political organizations or associations exempt from federal income taxes under §527 of the Internal Revenue Code;
- Railroad companies subject to the gross earnings tax;
- Companies whose corporate headquarters are located in the insurance and financial services export zone in the City of Hartford and are conducting all of their business outside the United States;
- Connecticut passive investment companies formed by financial service companies to hold and manage loans secured by real property;
- Non United States corporations whose sole activity conducted in Connecticut is the trading of stocks, commodities and securities; and
- Subchapter S corporations.

CORPORATION BUSINESS TAX (cont.)

Subchapter S Corporations

Conn. Gen. Stat. §12-214(2)(J) exempts Subchapter S corporations from the Corporation Business Tax beginning with the 2001 income year.

Filing Frequency

Annually with four estimated installments.

Number of Taxpayers

2001 Corporation Business Tax Returns

	Number of Taxpayers	Tax Due Before Credits	Tax Due After Credits
Single Filers			
Net Income	9,917	\$ 140,905,157	\$124,074,627
Capital Base	5,325	33,731,658	18,598,984
Minimum Tax	32,134	7,227,260	6,711,540
Combined Filers	1,160	213,501,182	107,380,770
Total	48,536	\$ 395,365,257	\$256,765,921

CORPORATION BUSINESS TAX CREDITS

The State of Connecticut offers many Corporation Business Tax credits which a corporation may take advantage of to reduce its liability to the state. Effective for income years beginning on or after January 1, 2002, the amount of tax credits allowable cannot exceed 70% of the amount of tax due or reduce the amount of tax to less than \$250.

Apprenticeship Training

Reference: Conn. Gen. Stat. §12-217g

A corporation that hires apprentices in the manufacturing or plastics trades may apply for a credit of up to \$4,800 per apprenticeship. The amount of the credit is limited to the lesser of 50% of the actual wages paid or the total number of work hours during the year multiplied by \$4.00, or \$4,800, whichever is less.

Corporations that hire apprentices in the construction trades may apply for a credit of up to \$1,000 per apprenticeship. The amount of the credit is limited to the lesser of 50% of the actual wages paid or \$1,000, or the total number of work hours during the year multiplied by \$2.00, whichever is least.

Clean Alternative Fuels

Reference: Conn. Gen. Stat. §12-217i

The Clean Alternative Fuels credit enables a business to claim credits of 10% or 50% of its expenditures on vehicles, equipment and filling stations that enable use of clean alternative fuel. This credit is not available for income years commencing on or after January 1, 2004. Unused credit may be carried forward for three years.

A 10% credit is allowed for the incremental cost of purchasing vehicles exclusively powered by clean alternative fuels.

A 50% credit is available for the expenses of equipment used in a compressed natural gas, liquefied petroleum gas or liquefied natural gas filling or electric recharging station and the purchase of equipment needed to convert a vehicle to clean alternative fuel. The credit also applies to amounts spent directly on the construction of any filling station or improvements to any existing filling station in order to provide compressed natural gas, liquefied petroleum gas or liquefied natural gas.

CORPORATION BUSINESS TAX CREDITS (cont.)

Computer Donation

Reference: Conn. Gen. Stat. §10-228b

A corporation business tax credit is available for the donation of new or used computers to a local or regional board of education or a public school. The amount of the credit shall not exceed 50% of the fair market value at the time of donation.

The amount of credit granted to any business firm cannot exceed \$75,000 annually. The total amount of credits allowed in any fiscal year is capped at \$1 million.

Displaced Workers Hired By Electric Suppliers

Reference: Conn. Gen. Stat. §12-217bb

Electric suppliers who hire workers displaced by the restructuring of the electric industry may claim a credit of \$1,500 for each displaced worker employed at least 6 months.

Donation of Open Space Land

Reference: Conn. Gen. Stat. §12-217dd

This credit is available in an amount equal to 50% of the use value of the donation of land to be permanently preserved as protected open space. Donations of land must be made to the state, a political subdivision of the state, or a nonprofit land conservation organization and may include any discount in the sales price. Unused credit may be carried forward for ten succeeding income years.

Electronic Data Processing Equipment

Reference: Conn. Gen. Stat. §12-217t

The Electronic Data Processing Equipment Property Tax credit provides a 100% credit for property tax owed and paid on electronic data processing equipment. Unused credits may be carried forward for five succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Employer Assisted Housing

Reference: Conn. Gen. Stat. §12-217p

This credit is available for monies paid to a revolving loan fund for employer assisted housing. This fund must be established and maintained by the corporation for 5 years and provide revolving loans for housing to its low and moderate income employees. The program is administered by the Connecticut Housing Finance Authority and is capped at \$1 million per year. The credit is limited to \$100,000 annually per business firm and may be carried back or forward for five years.

Enterprise Zone or Entertainment District

Reference: Conn. Gen. Stat. §12-217e

The Enterprise Zone or Entertainment District Credit allows a business credit of 50% of its allocable tax for operating a manufacturing facility which meets certain employment criteria and is located within a designated enterprise zone or other area designated as having enterprise zone level benefits. Certification is required from the Department of Economic and Community Development. Corporations may claim this credit for 10 years beginning with the first year following the year of certification.

Enterprise Zone Credit For Qualifying Corporations

Reference: Conn. Gen. Stat. §12-217v

A credit is allowed to any qualifying corporation created on or after January 1, 1997 which hires at least 150 local employees qualifying under the Job Training Partnership Act to work within a designated Enterprise Zone. This credit is 100% of the corporation's tax liability for its first three years and 50% of its liability for the next seven.

Financial Institutions

Reference: Conn. Gen. Stat. §12-217u

This credit is available to financial institutions that construct a new facility of at least 900,000 square feet and create a minimum of 1,200 new jobs. Each company must obtain an eligibility certificate from the Department of Economic and Community Development in order to claim this credit. Credit levels of 30%, 40% or 50% for years one through ten and 25% for years eleven through fifteen are based on the number of qualified employees. This credit may be taken for up to fifteen years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Fixed Capital Investments

Reference: Conn. Gen. Stat. §12-217w

This credit is based on the amounts paid or incurred for any new tangible personal property that has a class life of more than four years, is not sold or leased within 12 months, and will be held and used in Connecticut for at least five years. Inventory, land, buildings and mobile transportation equipment are not included. The percentage of credit is 5% for income years beginning on or after January 1, 2000. Unused credits may be carried forward for five succeeding income years.

Hiring Incentive

Reference: Conn. Gen. Stat. §12-217y

This credit is available to companies that hire recipients of the Temporary Family Assistance (TFA) program. The employees must have been receiving TFA benefits for at least 9 months and have worked at least 30 hours per week to qualify. A corporation may claim a credit of \$125 for each full month that the worker is employed. Unused credits may be carried forward for five succeeding income years.

Historic Homes Rehabilitation

Reference: Conn. Gen. Stat. §10-320j

The Connecticut Historical Commission may allocate up to \$3 million in vouchers for this credit during any fiscal year. Owners of historic homes must incur qualified rehabilitation expenditures that exceed \$25,000 in order to qualify. After the work is performed and verified, a tax credit is allowed for 30% of the qualified rehabilitation expenditures. The credit is limited to \$30,000 per dwelling. Unused credits may be carried forward for four succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Housing Program Contribution

Reference: Conn. Gen. Stat. §8-395

This tax credit program enables corporations to contribute to housing programs that benefit low and moderate income individuals and families. These programs are sponsored, developed or managed by nonprofit corporations and must be approved by the Connecticut Housing Finance Authority. The credit is the amount of the contribution, not to exceed \$75,000 per business. Unused credits may be carried back to the five preceding income years and forward for five succeeding income years.

Human Capital Investments

Reference: Conn. Gen. Stat. §12-217x

The Human Capital Investments credit is based on the amounts paid or incurred for various job training and work education programs, child care subsidies to Connecticut employees, day care facility establishment costs and donations to institutions of higher education for improvements to technology. The percentage of credit is 5% of the expenditures in income years beginning on or after January 1, 2000. Unused credits may be carried forward for five succeeding income years.

Insurance Reinvestment Fund

Reference: Conn. Gen. Stat. §38a-88a

A credit may be applied against the corporation business tax for investments made through a registered fund manager. These investments must be specifically earmarked for insurance businesses incorporated in Connecticut that occupy new facilities and create new jobs. The credit is 10% of amounts invested in qualified insurance businesses, beginning 3 years but not later than 7 years from the date of investment. For years 7 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

Managers of eligible funds must have registered with the Commissioner of Economic and Community Development by July 1 2000 in order for their investors to be able to claim this credit. No further credits will be allowed for investments in funds created on or after July 1, 2000.

CORPORATION BUSINESS TAX CREDITS (cont.)

Machinery and Equipment

Reference: Conn. Gen. Stat. §12-217o

This credit is based upon the incremental increase in expenditures for machinery and equipment acquired for and installed in Connecticut. The rate of credit is either 5% or 10% depending on the number of full time employees in Connecticut.

Manufacturing Facility in a Targeted Investment Community

Reference: Conn. Gen. Stat. §12-217e

A credit of 25% may be applied against the portion of the Corporation Business tax allocable to a manufacturing facility located in a targeted investment community. The Commissioner of Economic and Community Development must certify that the facility is operating in a designated area of high unemployment. The credit period lasts for ten years beginning with the first year following certification.

Neighborhood Assistance Act Program

Reference: Chapter 228a of the Conn. Gen. Stat. as amended by P.A. 03-225

The Connecticut Neighborhood Assistance Act tax credit program is designed to provide funding for municipal and non-profit organizations.

Businesses are granted a tax credit for contributing to certain programs approved by the Department of Revenue Services. Effective for income years beginning on or after January 1, 2003 all cash contributions made pursuant to the Neighborhood Assistance Act are eligible for a credit of 60% of the amount contributed. Unused credits may be carried back to the two preceding income years.

The program has several statutory limits that must be followed. A business is limited to receiving \$75,000 in tax credit annually. A non-profit organization is limited to receiving \$150,000 in contributions in the aggregate. Also, a businesses' total charitable contributions must equal or exceed its prior year amount. The minimum contribution on which credit can be granted is \$250. The program has a \$5M cap, which if exceeded, results in proration of approved donations.

CORPORATION BUSINESS TAX CREDITS (cont.)

Research and Development Expenditures

Reference: Conn. Gen. Stat. §12-217n

A credit may be applied against the Corporation Business Tax for expenses of research and development conducted in Connecticut.

The amount allowed as credit increases ratably from 1% of the annual research and development expenses paid or incurred, where such expenses equal \$50 million or less, to 6% where expenses exceed \$200 million. The 6% credit is extended to qualified small businesses with a gross income that does not exceed \$100 million for income years beginning on or after January 1, 2000.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. For income years beginning on and after January 1, 2002, credit refunds are limited to \$1.5 million in any one income year. Unused credits may be carried forward until fully taken.

Research and Development Grants to Institutions of Higher Education

Reference: Conn. Gen. Stat. §12-217l

This credit is available for 25% of the incremental increase in amounts spent by a corporation for a qualifying grant or combination of grants to any institution of higher education in Connecticut for the purposes of research and development related to advancements in technology.

Research and Experimental Expenditures

Reference: Conn. Gen. Stat. §12-217j

This is a tax credit based on the incremental increase in expenditures for research and experiments conducted in Connecticut. The amount of the credit equals 20% of the amount spent by the corporation directly on research and experimental expenditures that exceeds the amount spent in the preceding income year. Unused credits may be carried forward for fifteen succeeding income years.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. For income years beginning on and after January 1, 2002, credit refunds are limited to \$1.5 million in any one income year.

CORPORATION BUSINESS TAX CREDITS (cont.)

Service Facility

Reference: Conn. Gen. Stat. §12-217e

This credit is available to companies with a service facility located in a Connecticut targeted investment community which hire new employees and have an eligibility certificate issued by the Commissioner of Economic and Community Development. The credit is based on the portion of tax allocable to such facility and the number of new employees working there. Credit percentages range from 15% to 50% depending on the number of new employees. The credit period is ten years.

Small Business Guaranty Fee

Reference: Conn. Gen. Stat. §12-217cc

Small businesses with less than \$5 million in gross receipts may claim this credit equal to the amount paid to the federal Small Business Administration as a guaranty fee to obtain guaranteed financing during the income year. Unused credits may be carried forward for four succeeding income years.

Traffic Reduction Programs

Reference: Conn. Gen. Stat. §12-217s

This is a 50% credit for traffic reduction program expenses related to the attainment of federal Clean Air Act standards. This credit is available for corporations employing 100 or more people located in a severe non-attainment area. The credit cannot exceed \$250 per participating employee.

Urban or Industrial Site Investment

Reference: Conn. Gen. Stat. §32-9t

This credit is available for income years beginning on or after July 1, 2000 for investments in eligible urban reinvestment projects and industrial site investment projects. Investments may be made directly or through a registered fund manager and must be certified by the Commissioner of Economic and Community Development. The credit is 10% of the qualified investments, beginning 4 years but not later than 7 years from the date of investment. For years 8 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the number of corporation tax credits claimed and the amounts taken for each of the corporation credit programs utilized by businesses. The figures represent credit claimed on 2001 returns and reflect any credits carried forward from prior years and used in 2001.

Credit Claimed on 2001 Corporation Returns

Type of Credit	Number of Credits	Amount of Credit Claimed
Air Pollution Abatement	2	\$ 304
Apprenticeship Training	37	274,150
Child Day Care	5	9,208
Clean Alternative Fuels	5	5,225
Computer Donation	1	46,754
Donation of Open Space Land	4	557,257
Electronic Data Processing	3,704	28,072,552
Employer Assisted Housing	7	135,026
Fixed Capital	3,744	54,235,916
Hiring Incentive	11	52,155
Housing Program Contribution	22	3,593,351
Human Capital	206	2,964,233
Insurance Reinvestment	3	128,403
Machinery and Equipment	507	3,061,185
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	76	674,564
Neighborhood Assistance	111	1,220,022
Research & Development	183	34,702,296
R&D Grants to Higher Education	2	5,446
Research & Experimental Expenditures	100	8,682,936
SBA Guaranty Fee	2	2,942
Traffic Reduction	9	175,411
Total	8,741	\$ 138,599,336

DRY CLEANING SURCHARGE

The Dry Cleaning Surcharge is used to provide grants to dry cleaning establishments for the purposes of the containment and removal or mitigation of environmental pollution resulting from dry cleaning activity. The surcharge is also used to fund measures, which are approved by the Commissioner of Economic and Community Development, undertaken to prevent pollution. Monies collected are deposited into the Dry Cleaning Remediation Account, which is used to provide these grants.

Revenue	
FY 2000-01	\$ 922,829
2001-02	906,281
2002-03	933,624

Basis and Rate

1% of gross receipts at retail.

Number of Taxpayers/Filing Frequency

583 taxpayers/Quarterly

GIFT TAX

Gifts that are taxable for federal purposes are also subject to the Connecticut Gift Tax. The tax applies to the transfer of personal (tangible or intangible) and real property situated within the state by Connecticut residents and nonresidents. The Connecticut Gift Tax is being incrementally reduced to eventually apply only to those donors who make taxable gifts exceeding \$1 million in the aggregate during a calendar year.

Revenue	
FY 2000-01	\$28,206,636
2001-02	19,953,803
2002-03	27,334,615

Exemptions

- The first \$25,000 of gifts to any donee; and
- Gifts made by married couples may be considered as having been made one-half by each spouse. (Therefore, the first \$50,000 of gifts made by consenting spouses is exempt.)

Basis and Rate

2003 Conn. Pub. Acts 1 (June 30 Spec. Sess.) amends Conn. Gen. Stat. §12-642 to delay an incremental reduction in the tax on gifts under \$1 million. The new tax rates are shown below:

Amount of Taxable Gift Calendar Years 2001 through 2005	Tax Rate
\$25,000 or less	exempt
Over \$25,000 but not over \$50,000	\$250 + 2% of amount over \$25,000
Over \$50,000 but not over \$75,000	\$750 + 3% of amount over \$50,000
Over \$75,000 but not over \$100,000	\$1,500 + 4% of amount over \$75,000
Over \$100,000 but not over \$675,000	\$2,500 + 5% of amount over \$100,000
Over \$675,000	\$31,250 + 6% of amount over \$675,000

Amount of Taxable Gift Calendar Year 2006	Tax Rate
\$50,000 or less	exempt
Over \$50,000 but not over \$75,000	\$750 + 3% of amount over \$50,000
Over \$75,000 but not over \$100,000	\$1,500 + 4% of amount over \$75,000
Over \$100,000 but not over \$700,000	\$2,500 + 5% of amount over \$100,000
Over \$700,000	\$32,500 + 6% of amount over \$700,000

GIFT TAX (cont.)

Amount of Taxable Gift

Calendar Year 2007

Tax Rate

\$75,000 or less	exempt
Over \$75,000 but not over \$100,000	\$1,500 + 4% of amount over \$75,000
Over \$100,000 but not over \$700,000	\$2,500 + 5% of amount over \$100,000
Over \$700,000	\$32,500 + 6% of amount over \$700,000

Amount of Taxable Gift

Calendar Year 2008

Tax Rate

\$100,000 or less	exempt
Over \$100,000 but not over \$850,000	\$2,500 + 5% of amount over \$100,000
Over \$850,000	\$40,000 + 6% of amount over \$850,000

Amount of Taxable Gift

Calendar Year 2009

Tax Rate

\$950,000 or less	exempt
Over \$950,000	\$45,000 + 6% of amount over \$950,000

Amount of Taxable Gift

Calendar Year 2010

Tax Rate

\$1,000,000 or less	exempt
Over \$1,000,000	\$47,500 + 6% of amount over \$1,000,000

Detail of Revenue

For Fiscal Year 2002-03, revenue collected amounted to \$27,334,615. Most of this revenue is attributed to calendar year 2002 returns with the remainder from audit or late return payments. A breakdown of calendar year 2002 returns is shown below.

2002 GIFT TAX RETURNS

Amount of Taxable Gift Due	# of Returns	Tax Due
\$25,000 or less	2,969	\$ 53
Over \$25,000 but not over \$50,000	1,429	721,975
Over \$50,000 but not over \$75,000	812	902,350
Over \$75,000 but not over \$100,000	522	1,025,318
Over \$100,000 but not over \$200,000	928	4,080,882
Over \$200,000 but not over \$300,000	322	3,155,840
Over \$300,000 but not over \$400,000	238	3,442,721
Over \$400,000 but not over \$500,000	76	1,522,114
Over \$500,000 but not over \$1,000,000	129	4,513,108
Over \$1,000,000	21	4,242,852
Total	7,446	\$23,607,213

INCOME TAX

A tax is imposed on the Connecticut taxable income of resident individuals, trusts, and estates at a rate of 4.5%. For income years commencing on or after January 1, 2003, the highest marginal rate for individuals is increased from 4.5% to 5%. Nonresidents and part-year resident individuals, trusts and estates are also subject to the tax on income derived from or connected with sources within the State. Connecticut taxable income is defined as adjusted gross income for federal tax purposes with certain modifications and exemptions described below.

Revenue	
FY 2000-01	\$4,743,440,250
2001-02	4,266,291,049
2002-03	4,262,774,778

Number of Taxpayers/Filing Frequency

1.64 million taxpayers/ Annually

Taxpayers who expect to owe more than \$500 in income tax, in addition to income tax withheld, are required to file four estimated tax payments.

Basis and Rate

Filing Status	Connecticut Taxable Income	Rate of Tax
Single/ Married Filing Separate	Not over \$10,000	3%
	Over \$10,000	\$300, plus 4.5% of the excess over \$10,000
Head of Household	Not over \$16,000	3%
	Over \$16,000	\$480, plus 4.5% of the excess over \$16,000
Joint	Not over \$20,000	3%
	Over \$20,000	\$600, plus 4.5% of the excess over \$20,000

INCOME TAX (cont.)

Effective for income years commencing on or after January 1, 2003:

Filing Status	Connecticut Taxable Income	Rate of Tax
Single/ Married Filing Separate	Not over \$10,000	3%
	Over \$10,000	\$300, plus 5% of the excess over \$10,000
Head of Household	Not over \$16,000	3%
	Over \$16,000	\$480, plus 5% of the excess over \$16,000
Joint	Not over \$20,000	3%
	Over \$20,000	\$600, plus 5% of the excess over \$20,000

Exemptions

- \$12,500 for unmarried individuals. Effective for taxable years commencing on or after January 1, 2003 but prior to January 1, 2004. For taxpayers with Connecticut AGI in excess of \$25,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$36,000.
- \$12,000 for married persons filing separately. For taxpayers with Connecticut AGI in excess of \$24,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$35,000.
- \$19,000 for heads of household. For taxpayers with a Connecticut AGI in excess of \$38,000, the exemption decreases by \$1,000 for each additional \$1,000 of Connecticut AGI. There is no exemption if the taxpayer earns more than \$56,000.
- \$24,000 for married persons filing jointly. The exemption for joint filers decreases by \$1,000, for taxpayers whose Connecticut AGI exceeds \$48,000, for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$71,000.
- Social Security benefits for single filers and married individuals filing separately whose federal adjusted gross income for the taxable year is less than \$50,000. Social Security benefits for married individuals filing jointly and head of household filers whose federal adjusted gross income for the taxable year is less than \$60,000.

INCOME TAX (cont.)

Common Additions

- Interest on state and local obligations other than Connecticut;
- Exempt-interest dividends (other than those derived from obligations of the State of Connecticut or its municipalities);
- Pro rata share of certain S Corporation shareholder's loss;
- The total taxable amount of a lump sum distribution for the taxable year deductible from gross income in calculating federal adjusted gross income; and
- Loss on sale of Connecticut bonds.

Common Subtractions

- Interest on U.S. obligations;
- Dividends from certain mutual funds consisting of U.S. obligations;
- Social Security Benefit Adjustment;
- Refunds on state and local income taxes;
- Tier 1 and Tier 2 railroad retirement benefits and supplemental annuities;
- Pro rata share of certain S Corporation shareholder's income; and
- Gain on sale of Connecticut bonds.

Withholding Requirement

Connecticut requires anyone who maintains an office or transacts business in Connecticut, and who is considered an employer for federal income tax withholding purposes, to withhold Connecticut income tax whether or not the payroll department is located in Connecticut.

Estimated Tax Payments

Taxpayers must make estimated payments if their Connecticut income tax (after tax credits) minus Connecticut tax withheld is more than \$500, and you expect your Connecticut income tax withheld to be less than your required annual payment.

INCOME TAX (cont.)

Connecticut Alternative Minimum Tax

Taxpayers who are subject to, and required to pay, the federal alternative minimum tax are subject to the Connecticut Alternative Minimum Tax. The alternative minimum tax is computed on the lesser of 19% of the adjusted federal tentative minimum tax, or 5% of adjusted federal alternative minimum taxable income. The Connecticut Alternative Minimum Tax has been in effect since the 1993 income year.

Effective for taxable years commencing on or after January 1, 2003:

The alternative minimum tax is computed on the lesser of 19% of the adjusted federal tentative minimum tax, or 5½% of adjusted federal alternative minimum taxable income.

Tax Credit For Property Taxes Paid To A Political Subdivision

Connecticut residents are eligible for an income tax credit for property taxes paid to a Connecticut political subdivision on a primary residence and/or privately owned or leased motor vehicle. The maximum credit for taxable years commencing on or after January 1, 2000 is \$500 per return. For taxable years commencing on or after January 1, 2003, the maximum credit is \$350 per return. The credit cannot exceed the amount of qualifying property taxes paid or income tax liability. If an individual paid more than \$100 in property tax, a limitation based on filing status and Connecticut Adjusted Gross Income may apply.

Tax Credit For Income Taxes Paid To Qualifying Jurisdictions

Connecticut residents may claim an income tax credit if any part of their income was taxed by a qualifying jurisdiction. A qualifying jurisdiction includes another state of the United States, a local government within another state or the District of Columbia. A qualifying jurisdiction does not include the State of Connecticut, the United States or a foreign country or its provinces.

INSURANCE PREMIUMS TAX

Insurance companies are taxed in Connecticut on the total net direct premiums received from policies written on property or risks within the State. In addition, total net direct subscriber charges received on any new or renewal contract or policy by a health care center is also taxed. Persons who purchase insurance from unauthorized insurers are also subject to tax. Unauthorized insurers are defined as an insurer who has not been granted a certificate of authority by the Commissioner to transact the business of insurance in Connecticut, or an insurer transacting business not authorized by a valid certificate.

Revenue	
FY 2000-01	\$186,867,605
2001-02	211,249,231
2002-03	229,484,101

Exemptions

- Premiums sold for ocean and inland marine insurance of nonresident and foreign companies;
- Medicaid, Medicare, HUSKY Plan, and State Employee Health plans from health care centers subscriber charges; and
- New or renewal contracts or policies written to provide health care coverage to retired teachers, spouses or a surviving spouse, and to employees of a Connecticut municipality under a plan procured pursuant to Conn. Gen. Stat. §5-259(i), from net direct subscriber charges of health care centers.

Number of Taxpayers/Filing Frequency

1,400 insurance companies/ Annually

Quarterly estimated payments for domestic and foreign insurers and health care centers.

Basis and Rate

- 1.75% of net direct premiums received by domestic and foreign insurance companies.
- 4% of gross premiums charged by unauthorized insurers; and
- 1.75% of net direct subscriber charges of health care centers.

INSURANCE PREMIUMS TAX (cont.)

Comparative Data

	FY 2000-01	FY 2001-02	FY 2002-03
Domestic	\$26,332,114	\$31,063,908	32,722,397
Foreign	129,879,387	135,999,108	151,041,950
Health Care Center	28,893,604	41,280,791	42,021,943
Unauthorized	1,762,499	2,905,424	3,697,812
Total	\$186,867,605	\$211,249,231	\$229,484,101

Tax Credits

The State of Connecticut provides for several tax credits which may be applied against the Insurance Premiums Tax. Described below is the credit unique to the Insurance Premiums Tax. Please turn to page Corporation Business Tax section of this report for additional information on business tax credits.

Insurance Department Assessment Credit

Reference: Conn. Gen. Stat. §12-202

Certain local domestic insurance companies are allowed a credit against the insurance premiums tax in the amount of 80% of the Connecticut Insurance Department assessment paid during the calendar year if their admitted assets do not exceed amounts specified in Conn. Gen. Stat. §12-202.

Calendar Year 2002 Insurance Business Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	46	\$13,099,412
Housing Program Contribution	2	1,380,637
Insurance Department Assessment	16	1,072,910
Insurance Reinvestment	13	3,575,086
Neighborhood Assistance	2	67,706
Historic Homes	3	591,523
Total Credits	82	\$19,787,274

MOTOR CARRIER ROAD TAX

Since 1996, Connecticut has participated in the International Fuel Tax Agreement (IFTA), which is a cooperative agreement among most states and provinces of Canada to simplify the collection and reporting of fuel use tax by interstate motor carriers. Under IFTA, fuel tax returns are filed in the base jurisdiction of the motor carrier. The base jurisdiction of a motor carrier is where the vehicle is based for registration purposes and where operations are controlled and the vehicle is operated. For IFTA fuel tax reporting, a qualified motor vehicle is a vehicle that is designed to transport persons or property and that has: two axles and a gross vehicle weight or registered gross vehicle weight over 26,000 pounds; or three or more axles regardless of weight; or when used in combination, a combined gross vehicle weight over 26,000 pounds. Motor carriers who meet this qualification, and who travel solely within the State, are not required to file a return, but instead are subject to the tax at the time of purchase.

Revenue	
FY 2000-01	\$10,274,045
2001-02	8,480,356
2002-03	11,455,809

Exemption

- Motor bus companies whose operations in Connecticut are exclusively for purposes of charter or special operations. This exemption was eliminated effective June 18, 2003;
- Alternative fuels (compressed natural gas, liquefied petroleum gas, and liquefied natural gas). This exemption is effective until July 1, 2004.

Number of Taxpayers/Filing Frequency

2,900 IFTA filers/Quarterly
3,500 Motor Carrier filers/Quarterly

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	24¢
Diesel Fuel	26¢ (18¢ until 8/1/02)
Natural Gas or Propane	26¢ (18¢ until 8/1/02)

MOTOR VEHICLE FUELS TAX

Motor fuel used or sold in Connecticut is subject to the Motor Vehicle Fuels Tax. "Fuel" includes gasoline, diesel, gasohol, propane, or any combustible gas or liquid that generates the power needed to propel a motor vehicle.

Revenue	
FY 2000-01	\$407,559,662
2001-02	430,285,552
2002-03	457,993,450

Exemptions

- Fuel sold to United States Government, the State of Connecticut, any Connecticut municipality or transit district, when such fuel is used in vehicles owned and operated, or leased and operated by any of the aforementioned entities;
- Fuel sold exclusively for heating purposes and to furnish gas, water, steam or electricity, if delivered to consumers through mains, lines or pipes;
- Alternative fuels (compressed natural gas, liquefied petroleum gas, and liquefied natural gas). This exemption is effective until July 1, 2004;
- Aviation fuel and fuel sold to owners or operators of an aircraft, or to a licensed aviation fuel dealer whose place of business is located at an airport;
- Fuel used in school buses; and
- Diesel fuel sold exclusively for use in portable power system generators that are larger than one hundred fifty kilowatts.

Number of Taxpayers/Filing Frequency

700 taxpayers/Monthly

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	24¢
Diesel Fuel	26¢ (18¢ until 8/1/02)
Natural Gas or Propane	26¢ (18¢ until 8/1/02)

Comparative Data

	Number of Gallons Sold		
	FY 2000-01	FY 2001-02	FY 2002-03
Gasoline	1,430,548,750	1,485,866,361	1,492,144,179
Special Fuel	245,977,444	248,267,116	234,571,770
Gasohol	19,743,011	21,658,709	43,233,501
Total Gallons	1,696,269,205	1,755,792,186	1,769,949,450

MOTOR VEHICLE RENTAL SURCHARGE

The Motor Vehicle Rental Surcharge is imposed on the rental of each private passenger motor vehicle in Connecticut by a rental company for a period of less than 31 days. Rental companies must pay over the portion of the surcharge collected during the calendar year that exceeds the amount paid in personal property tax and the amount paid in titling and registration fees.

Effective July 1, 2002, 2002 Conn. Pub. Acts 70, makes the motor vehicle rental surcharge applicable to the rental of any rental truck, defined as either a vehicle rented without a driver that has a gross vehicle weight rating of 26,000 pounds or less and is used in the transportation of personal property but not for business purposes, or a trailer that has a gross vehicle weight rating of not more than 6,000 pounds.

Revenue		
FY	2000-01	\$ 127,365
	2001-02	84,755
	2002-03	110,498

Exemptions

- Motor vehicles delivered to a lessee outside Connecticut;
- Rentals by an agency of United States Government;
- Rentals of 31 days or more; and
- Rentals of motor vehicles by a person that is not a rental company.

Number of Taxpayers / Filing Frequency

256 taxpayers / Annually

Basis and Rate

3% of the total rental charges imposed by the rental company.

Comparative Data

Gross collections by rental companies during 2002 amounted to \$4,622,189. The \$4,511,691 difference between gross collections and the amount remitted was retained by rental companies to reimburse personal property taxes and titling and registration fees paid during 2002.

OCCUPATIONAL TAX

An occupational tax is levied against any person who has been admitted as an attorney by the judges of the superior court, and who is engaged in the practice of law in Connecticut.

Revenue	
FY 2000-01	\$5,937,106
2001-02	5,947,456
2002-03	6,014,636

Exemptions

- Judges and employees of the State of Connecticut;
- Any attorney who has retired from the practice of law;
- Any attorney serving on active duty with the United States Armed Forces for more than six months of a given year; and
- Any attorney employed by a political subdivision of Connecticut or any probate court.

Number of Taxpayers/Filing Frequency

13,366 Attorneys/ Annually

Basis and Rate

\$450 per practicing attorney

PETROLEUM COMPANIES GROSS EARNINGS TAX

A tax is levied on the gross earnings of companies distributing petroleum products in Connecticut. Petroleum products include gasoline, aviation fuel, kerosene, diesel fuel, benzol, distillate fuels, residual fuels, crude oil and derivatives of petroleum such as paint, detergents, antiseptics, fertilizers, nylon, asphalt, plastics and other similar products.

Revenue	
FY 2000-01	\$127,567,873
2001-02	100,113,929
2002-03	125,451,235

Exemptions

- Number 2 heating oil used exclusively for heating purposes or in a commercial fishing vessel;
- Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing over 4,000 dead weight tons;
- Kerosene used exclusively for heating purposes, when the fuel is delivered via a truck with a metered delivery ticket, or to a centrally metered system serving a group of homes;
- Propane gas used exclusively for heating and used as a fuel for a motor vehicle; and
- Paraffin and microcrystalline waxes; and
- Gross earnings from the sale or use of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers.

Number of Taxpayers/Filing Frequency

660 taxpayers/Quarterly

Basis and Rate

- 5% of the gross earnings from the sale or use of all petroleum products, with the exception of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers.

PUBLIC SERVICE COMPANIES TAX

Revenue	
FY 2000-01	\$180,546,412
2001-02	166,598,313
2002-03	197,959,721

Exemptions

- All sales for resale of water, steam, gas, and electricity to public service corporations and municipal utilities.
- Gas and Electric sales to manufacturing in SIC codes 2000 through 3999.
- Natural Gas sold to out-of-state users or entities.
- Sales by a gas company of natural gas or propane used as a motor vehicle fuel.
- Retail sales of steam by utility companies.

Number of Taxpayers/Filing Frequency

117 taxpayers:

79 Public Utility Companies/Quarterly

26 Community Antenna TV Companies/Quarterly

12 Railroad Companies/Annually (July 1)

Basis and Rate

Community Antenna TV	5%
Railroad	2 - 3.5%
Gas, Electric and Power	5%
Gas and Electric sales to residential customers	4%

Residential Credit

The electric, power, and gas companies claimed \$5,019,407 in Fiscal Year 2002-03 under the one-percent credit attributable to the sale of gas and electric power for residential use.

PUBLIC SERVICE COMPANIES TAX (cont.)

Manufacturing Companies Credit

\$9,127,104 was claimed in credit for Fiscal Year 2002-03 for gas and electric sales used directly by a company engaged in a manufacturing production process.

Comparative Data

	FY 2000-01	FY 2001-02	FY 2002-03
Community Antenna TV Systems	\$28,640,293	\$29,667,698	\$45,516,270
Electric & Power Companies	27,865,890	30,882,437	31,408,143
Gas Companies	50,591,376	31,181,829	43,258,247
Gas and Electric Companies	73,393,178	74,762,744	77,699,345
Railroad Companies	55,585	103,605	77,716
Telecommunications*	90	0	0
Total Tax	\$180,546,412	\$166,598,313	\$197,959,721

* Tax on telecommunications repealed on January 1, 1990.

Electric Restructuring

Effective for calendar quarters commencing on or after January 1, 2000, the gross receipts tax on generation services was eliminated. However, the rate on transmission and distribution services was increased to 6.8% for residential customers and to 8.5% for non-residential customers (other than manufacturers) as of the same date. Also, the Competitive Transition Assessment (CTA), the Systems Benefit Charge (SBC) and the charges for energy conservation and renewable energy are subject to the gross receipts tax.

Satellite Television Tax

Effective September 1, 2003 and applicable to calendar quarters commencing on or after September 1, 2003, a tax is imposed at a rate of 5% of gross earnings on satellite companies providing one-way transmission of video programming by satellite to subscribers.

REAL ESTATE CONVEYANCE TAX

Connecticut imposes a tax on the conveyance of real property. The tax is assessed on the full purchase price of the property and is determined by the classification of the property being conveyed. Payment of the tax is the responsibility of the seller of the property and must be paid before the deed can be recorded.

Revenue	
FY 2000-01	\$111,113,467
2001-02	119,351,195
2002-03	147,410,832

Exemptions

- Deeds which this state is prohibited from taxing under the constitution or laws of the United States;
- Deeds which secure a debt or other obligation;
- Deeds to which this state or any of its political subdivisions or their respective agencies is a party;
- Deeds of release of property which is security for a debt or other obligation;
- Deeds of partition;
- Deeds made pursuant to mergers of corporations;
- Deeds made by subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock;
- Conveyance of an interest in real property pursuant to a decree of the superior court;
- Certificates of devise or distribution;
- Transfers for no consideration between parents and children;
- An assignment with no consideration of any interest present or future, vested or contingent in real property which endures for a period of time and the termination of which is not fixed or ascertained by a specific number of years;
- An assignment with no consideration of the unexpired portion of a term or estate for life or of a term or estate for years;
- Tax deeds;
- Certain exempt corporation transfers;
- Any conveyances made on or after May 20, 1992, whereby the realty of a mutual savings institution is conveyed to a reorganized capital stock savings bank or a reorganized capital stock savings and loan association as defined in Title 36 of the Connecticut General Statutes;

REAL ESTATE CONVEYANCE TAX (cont.)

Exemptions (cont.)

- All transfers between spouses;
- Any deeds of property located in an entertainment district;
- Conveyances of burial rights;
- Land development rights to agricultural land under the state farmland preservation program; and
- Transfers or conveyances of real estate to effectuate a mere change of identity or form of ownership or organization where there is no change in beneficial ownership.

Basis and Rate

Classification	Rate
Unimproved Land	.5%
Nonresidential property other than Unimproved Land	1.0%
Residential Dwelling:	
Portion \$800,000 or less	.5%
Portion that exceeds \$800,000	1.0%
Residential Property other than Residential Dwelling	.5%
Delinquent Mortgage	.5%

Tables I and II on the following pages will show the number of conveyances by price of property and the conveyance tax revenue generated for the same price increments, respectively.

REAL ESTATE CONVEYANCE TAX (cont.)

TABLE I

Price of Property	FY 2000-01 Number of Conveyances	FY 2001-02 Number of Conveyances	FY 2002-03 Number of Conveyances
Under \$30,000.00	46,969	49,925	51,641
30,000 - 39,999.99	1,853	1,631	1,374
40,000 - 49,999.99	1,910	1,709	1,481
50,000 - 59,999.99	2,261	2,100	1,698
60,000 - 69,999.99	2,705	2,402	1,883
70,000 - 79,999.99	2,767	2,782	2,073
80,000 - 89,999.99	3,364	3,044	2,320
90,000 - 99,999.99	3,157	2,911	2,346
100,000 - 109,999.99	3,214	2,983	2,260
110,000 - 119,999.99	3,633	3,642	2,640
120,000 - 129,999.99	3,943	4,130	3,464
130,000 - 139,999.99	3,622	3,826	3,502
140,000 - 149,999.99	2,891	3,238	3,179
150,000 - 159,999.99	2,949	3,256	3,396
160,000 - 169,999.99	2,484	2,913	3,013
170,000 - 179,999.99	2,174	2,556	2,707
180,000 - 189,999.99	1,914	2,318	2,390
190,000 - 199,999.99	1,470	1,779	1,962
200,000 - 249,999.99	6,636	7,728	8,128
250,000 - 299,999.99	4,449	5,607	6,350
300,000 - 499,999.99	7,757	9,799	11,517
500,000 - 599,999.99	1,533	1,866	2,303
600,000 - 699,999.99	1,000	1,257	1,484
700,000 - 799,999.99	666	803	1,000
\$800,000 and over	2,574	2,805	3,376
Total	117,895	127,010	127,487

REAL ESTATE CONVEYANCE TAX (cont.)

TABLE II

Price of Property		FY 2000-01 Revenue Generated	FY 2001-02 Revenue Generated	FY 2002-03 Revenue Generated
Under	\$30,000.00	\$356,975	\$322,630	\$274,822
30,000	- 39,999.99	321,273	281,589	238,165
40,000	- 49,999.99	426,761	382,180	327,441
50,000	- 59,999.99	612,752	578,590	462,208
60,000	- 69,999.99	873,957	773,230	603,366
70,000	- 79,999.99	1,028,486	1,038,554	784,674
80,000	- 89,999.99	1,418,287	1,287,869	996,704
90,000	- 99,999.99	1,493,621	1,378,515	1,112,727
100,000	- 109,999.99	1,684,205	1,561,385	1,184,821
110,000	- 119,999.99	2,074,272	2,089,515	1,520,077
120,000	- 129,999.99	2,465,499	2,593,597	2,165,310
130,000	- 139,999.99	2,439,448	2,571,648	2,366,413
140,000	- 149,999.99	2,100,881	2,350,610	2,300,710
150,000	- 159,999.99	2,288,970	2,533,077	2,632,940
160,000	- 169,999.99	2,062,101	2,412,601	2,484,093
170,000	- 179,999.99	1,915,841	2,255,523	2,385,200
180,000	- 189,999.99	1,784,939	2,143,780	2,220,648
190,000	- 199,999.99	1,450,433	1,745,674	1,917,167
200,000	- 249,999.99	7,559,823	8,794,701	9,211,015
250,000	- 299,999.99	6,188,393	7,781,100	8,791,295
300,000	- 499,999.99	15,037,343	19,019,049	22,270,793
500,000	- 599,999.99	4,349,753	5,285,783	6,505,354
600,000	- 699,999.99	3,420,674	4,215,221	5,028,694
700,000	- 799,999.99	2,670,929	3,159,792	3,938,971
800,000	and over	44,186,655	42,566,874	46,519,981
Total		\$110,212,271	\$119,123,087	\$128,243,589

REPEALED TAXES

CAPITAL GAINS, DIVIDENDS AND INTEREST INCOME TAX

The tax on capital gains, dividends and interest income was eliminated for income years commencing on or after January 1, 1992. This income is now combined with all other income and subject to the Personal Income Tax. The revenue collected represents late payments and revenue generated through assessment and compliance programs.

Revenue collected for Fiscal Year 2002-03: \$ 339,753

FIDUCIARY ESTATE TAX

The Fiduciary Estate Tax, which has been repealed since 1991, was a tax on the income produced from an estate. A small amount of revenue continues to be received from payments from estates whose income years commenced prior to January 1, 1991, or from assessments.

Revenue collected for Fiscal Year 2002-03: \$ 3,079

HAZARDOUS WASTE ASSESSMENT

The assessment imposed on generators of hazardous waste was eliminated as of July 1, 2000. The revenue collected represents late payments and revenue generated through assessment and compliance programs.

Revenue collected for Fiscal Year 2002-03: \$ 10,745

NURSING HOME PROVIDER TAX

A tax was imposed on the net revenue of licensed nursing homes in Connecticut. This tax was effective for calendar quarters commencing on or after April 1, 1992 but no later than March 31, 1993.

Revenue collected for Fiscal Year 2002-03: \$ 514

TIRE FEE

The Tire Fee was repealed effective for sales made on or after July 1, 1997. The fee was imposed on the sale at retail of any tire commonly used on a motor vehicle.

Revenue collected for Fiscal Year 2002-03: \$ 1,692

SALES AND USE TAXES

Connecticut levies sales and use taxes on the gross receipts of retailers from the sale of tangible personal property at retail, from the rental or leasing of tangible personal property, and on the gross receipts from the rendering of certain business services.

Revenue	
FY 2000-01	\$3,184,327,113
2001-02	3,064,794,682
2002-03	3,091,365,923

Basis and Rate

6% on the gross receipts from the sale, rental or leasing of tangible personal property, and the rendering of certain business services (general rate);

4.5% on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut;

1% on computer and data processing services;

12% on the rental of rooms in a hotel or lodging house.

Exemptions

Conn. Gen. Stat. §12-412 provides for various exemptions from the sales and use taxes for the sale of, storage, use or other consumption of numerous goods and services.

The following table provides a summary of the major exemptions claimed by businesses during Fiscal Year 2002-03, and the amount of revenue forgone for each exemption monitored. Note that the revenue forgone for each item is computed at the 6% rate.

2002-03 SALES TAX EXEMPTIONS

Deductible Item	Total Deduction (in millions)	Revenue Forgone (in millions)
Sale for Resale – Goods	\$59,492.5	\$3,569.6
Sale for Resale – Leases and Rentals	1,478.6	88.7
Sale for Resale – Labor and Services	1,332.5	80.0
Newspapers/Magazines by Subscription	910.0	54.6
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Carriage of Interstate Freight	132.2	7.9
Food Products for Human Consumption	4,547.2	272.8
Fuel for Motor Vehicles	2,802.2	168.1
*Electricity/Gas/Heating Fuel (residential)	1,693.4	101.6
*Electricity (\$150 monthly per business)	55.7	3.3
*Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	415.5	24.9
Aviation Fuel	28.9	1.7
Sales of Tangible Personal Property to Farmers	80.1	4.8
Machinery/Materials/Tools/Fuel – Mfg. Product	1,458.0	87.5
Machinery/Materials/Equip. – Printing	91.6	5.5
Machinery/Materials/Tools/Fuel – Comm. Fishing	86.2	5.2
Out-of-State - Sale of Goods	34,483.9	2,069.0
Out-of-State - Leases/Rentals	427.3	25.6
Out-of-State – Labor and Services	5,257.8	315.5
Sales of Motor Vehicles, Vessels to Nonresidents	512.3	30.7
Prescription Medicines - Sale of Goods	3,053.7	183.2
Non-Prescription Medicines and Diabetic Equipment – Sale of Goods	192.5	11.6
Charitable/Government/Religious – Sale of Goods	6,340.4	380.4

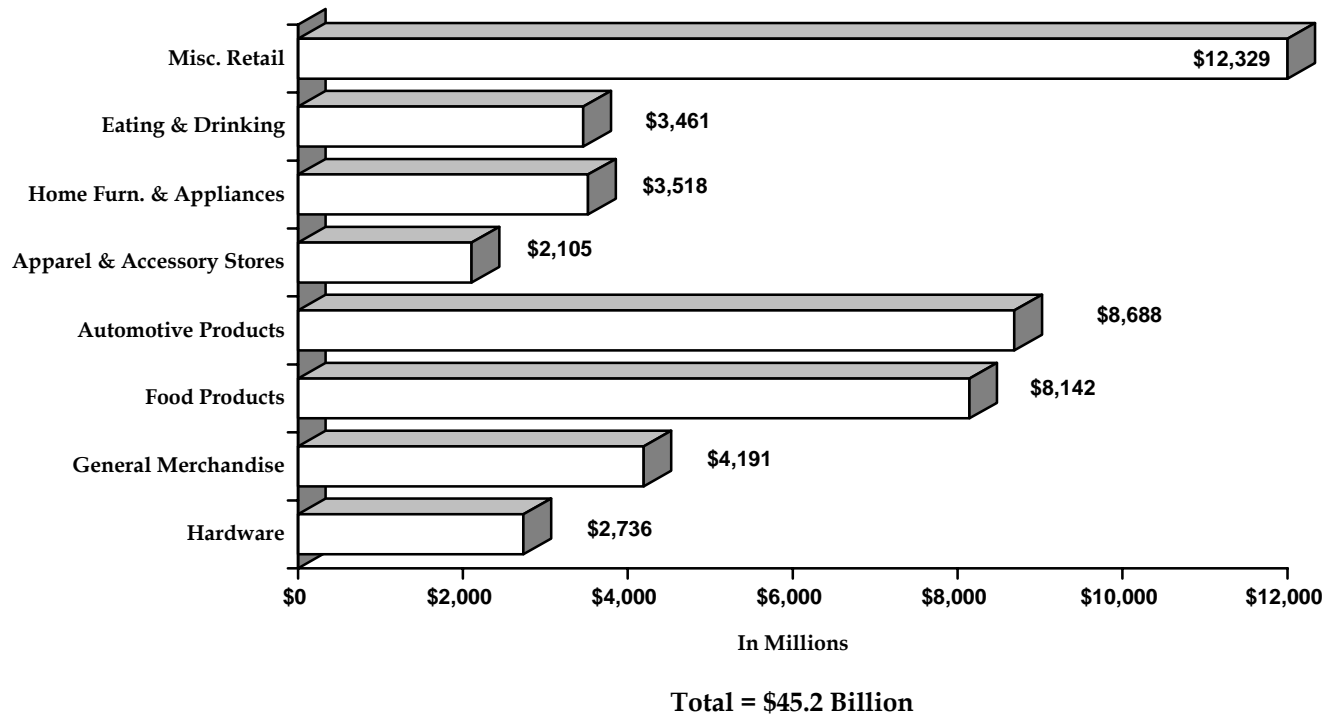
*For Utility and Heating Companies Only

2002-03 SALES TAX EXEMPTIONS (cont.)

Deductible Item	Total Deduction (in millions)	Revenue Forgone (in millions)
Charitable/Government/Religious – Leases and Rentals	\$161.8	\$9.7
Charitable/Government/Religious – Labor and Services	3,780.5	226.8
Pollution Abatement	76.0	4.6
Non-Taxable Labor and Services	9,986.5	599.2
Business Services/Parent Owned Subs.	490.1	29.4
Trade-ins of Like-Kind Personal Property	763.6	45.8
Taxed Goods returned within 90 days	129.7	7.8
Oxygen, Plasma, Prostheses, etc.	111.0	6.7
Printed Material for Future Delivery Out of State	30.0	1.8
Clothing/Footwear under \$75 or \$50	2,264.8	135.9
Material for Non-commercial Production of Clothing	7.1	0.4
Funeral Expenses up to \$2,500	57.0	3.4
Repair or Replacement Parts/Repair Services to Aircraft	70.4	4.2
Certain Machinery - Manufacturing Recovery Act of 1992 (Difference between the 6% and 3% Rates)	37.5	2.3
Sales of Machinery, Equipment, Tools, Supplies and Fuel used in the Biotechnology Industry	32.4	1.9
Sales of Repair and Maintenance Service to Vessels	43.8	2.6
Computer and Data Processing Services (Difference between the 6% and 1% Rates)	796.1	47.8
Renovation Services to Residential Property	219.2	13.2
Patient Care Services by Hospitals	160.4	9.6
Sales to Direct Payment Permit Holders	109.4	6.6
Sales of College Textbooks	17.1	1.0
Clothing Under \$300 for One Week in August	29.3	1.8
Other Adjustments	10,987.8	659.3
TOTAL	\$155,234.0	\$9,314.0

RETAIL SALES FY 2002-03

RETAIL ESTABLISHMENTS (SIC 52-59)



SALES AND USE TAXES (cont.)

Number of Taxpayers/Filing Frequency

172,830 Taxpayers
25,290 Taxpayers / Monthly
63,015 Taxpayers / Quarterly
84,525 Taxpayers / Annually

Comparative Data

Table I provides a summary of all gross receipts reported under the sales and use taxes attributable to various components. Note that the figures are gross, and do not necessarily represent taxable receipts.

Table I:
(In Millions)

Gross Receipts Attributable to:	FY 2000-01	FY 2001-02	FY 2002-03
Sales of Tangible Personal Property	\$167,286.3	\$164,754.9	\$165,045.9
Leasing/Rental of Tangible Personal Property	3,910.1	3,819.4	3,718.4
Rendering of Services	35,174.6	29,576.5	30,034.0
Business Use Purchases	2,846.7	2,804.5	2,682.4
Room Occupancy	607.2	555.9	543.9

Table II, on the following page, provides a summary of retail sales of goods for the state of Connecticut for the past three fiscal years. The figures reflect fluctuations in sales of durable and non-durable goods. Durable goods are usually more expensive items expected to last more than three years, such as automobiles and large household appliances. These sales are provided by selected major groups within the Standard Industrial Classification (SIC) system. Approximately half of all the sales and use tax revenue is generated by the retail trade sector.

SALES AND USE TAXES (cont.)

TABLE II: Retail Sales Volume - Fiscal Years 2001-2003
(In Millions)

	FY 2000-01	FY 2001-02	FY 2002-03
Hardware (SIC 52)	\$ 2,376	\$ 2,751	\$ 2,736
General Merchandise (SIC 53)	3,024	4,002	4,191
Food Products (SIC 54)	7,521	8,127	8,142
Automotive Products (SIC 55)	8,531	8,605	8,688
Apparel & Accessory Stores (SIC 56)	2,237	2,274	2,105
Home Furniture, Furnishings, & Appliances (SIC 57)	3,971	3,629	3,518
Eating & Drinking Establishments (SIC 58)	3,327	3,374	3,460
Misc. Retail Stores (SIC 59)	11,247	11,162	12,329
TOTAL (SIC 52-59)	\$42,234	\$43,924	\$45,169

SALES AND USE TAXES (cont.)

Table III provides total sales and use taxes revenues of the Standard Industrial Classification (SIC) major industrial categories for fiscal years 2001 through 2003. The revenues are from regular payments and represent 92% of the total sales and use taxes collected in FY 2002-03. The figures do not include any audit or late return payments.

TABLE III: Sales & Use Tax - From Regular Payments
Fiscal Years 2001-2003
(In Millions)

	SIC Code	FY 2000-01	FY 2001-02	FY 2002-03
<i>Hardware</i>	52	\$ 126.0	\$ 148.8	149.6
<i>General Merchandise</i>	53	107.1	141.3	148.6
<i>Food Products</i>	54	106.4	117.6	119.9
<i>Automotive Products</i>	55	370.4	384.2	398.3
<i>Apparel & Accessory Stores</i>	56	45.2	42.1	40.2
<i>Home Furniture, Furnishings, & Appliances</i>	57	131.3	128.2	120.3
<i>Eating & Drinking Establishments</i>	58	185.1	194.2	199.0
<i>Misc. Retail Stores</i>	59	348.2	316.3	313.6
Subtotal RETAIL Sales & Use Tax Revenue	52-59	\$ 1,419.7	\$ 1,472.7	\$ 1,489.5
CONSTRUCTION	1500-1799	127.6	104.6	99.7
MANUFACTURING	2000-3999	186.7	178.8	158.2
WHOLESALE	5010-5199	169.8	155.6	162.1
SERVICES (PERSONAL & BUSINESS)	7000-8999	626.8	445.3	439.3
ALL OTHER BUSINESSES		520.3	500.9	514.8
TOTAL SALES & USE TAX REVENUE		\$ 3,050.9	\$ 2,857.9	\$2,863.6

SEED OYSTER TAX

The Seed Oyster Tax is levied on seed oyster harvesters. The tax was established to provide funding for the seeding of state shellfish beds. All revenue collected from the tax is to be deposited into a special fund used for the Shellfish Program administered by the Department of Agriculture's Aquaculture Division. A parasitic blight has destroyed recent harvests resulting in decreased revenue.

Revenue

FY 2000-01	\$ 0
2001-02	0
2002-03	0

Number of Taxpayers / Filing Frequency

None / Quarterly

Basis and Rate

10% of the retail value of harvested seed oysters.

SOLID WASTE TAX

The Solid Waste Tax is levied on the owners of commercial resources recovery facilities that process municipal solid waste to reclaim energy.

Revenue

FY 2000-01	\$2,274,489
2001-02	2,245,933
2002-03	2,440,961

Number of Taxpayers / Filing Frequency

9 taxpayers / Quarterly

Basis and Rate

\$1.00 per ton of solid waste processed. For calendar quarters commencing on and after October 1, 2003, the assessment increases to \$1.50 per ton. (2003 Conn. Pub. Acts 6 (June 30 Spec. Sess.))

SUCCESSION AND ESTATE TAXES

The Connecticut Succession Tax is levied on the transfer of property after death, and varies, depending on the size of the estate and the relationship of the decedent to the survivor. Class AA transfers are to a surviving spouse. Class A transfers are to immediate family, such as parents or children. Class B transfers are to other relatives, including siblings, nieces and nephews. All other transfers, excluding qualifying exempt organizations, are Class C. The Compromise Class represents transfers whose tax liability was determined by the Department of Revenue Services where contingencies as to the ultimate beneficiary could not be currently determined.

Due to legislative changes enacted during the 1995 Legislative Session, November 2001 Special Legislative Session and the June 2003 Special Legislative Session; the Succession Tax will be phased-out and will be eventually repealed for all classes. Transfers to any Class A beneficiary are completely exempt for estates of decedents dying on or after January 1, 2001. Class B transfers are being reduced incrementally and will be fully exempt for estates of decedents dying on or after January 1, 2006. The phase-out for Class C transfers began in 2001, with full exemption for estates of decedents dying on or after January 1, 2008.

The Connecticut Estate Tax is levied if the amount that the federal government allows as a tax credit for state death taxes exceeds the amount of the Connecticut Succession Tax paid. The Connecticut Estate Tax recovers the full amount of the federal credit allowed on the transfer, yet it does not increase the tax burden paid by an estate. In its absence, additional tax in the same amount would be paid to the federal government. Federal legislation has begun to phase-out the federal credit for state death taxes, thereby eliminating the basis of the Connecticut Estate Tax by 2005.

	Succession Tax Revenue	Estate Tax Revenue
FY 2000-01	\$182,673,179	\$70,123,053
2001-02	74,476,175	78,610,645
2002-03	72,493,562	111,823,742

Succession Tax Exemptions

- All Class AA and A transfers;
- First \$600,000 for Class B transfers;
- First \$200,000 for Class C transfers; and
- All transfers to charitable, literary, scientific, historical, religious and government organizations.

SUCCESSION AND ESTATE TAXES (cont.)

Number of Transfers/Filing Frequency

1,040 estates subject to Succession Tax
 Succession Tax returns due six months following the date of death.

1,166 Succession Tax Transfers

Class AA:	1
Class A:	126
Class B:	396
Class C:	556
Compromises:	87

649 estates subject to Connecticut Estate Tax
 Estate Tax returns due nine months following the date of death.

Basis and Rate

For estates of decedents dying on or after March 1, 2003 and prior to January 1, 2005:

Connecticut Succession Tax		Connecticut Estate Tax
Class AA	Exempt	Allowable Federal credit
Class A	Exempt	
Class B	12.87% - 14.30%	
Class C	14.30% - 20.02%	

Comparative Data

A significant amount of the tax liability of current year Succession Tax Returns is remitted in prior fiscal years. Current year collections include a significant amount of prepayments that will apply against upcoming tax returns.

Connecticut Succession Tax Liability

Class	FY 2000-01	FY 2001-02	FY 2002-03
<i>In Millions of Dollars</i>			
Class A	\$ 75.8	\$ 44.8	\$28.7
Class B	34.4	31.2	35.0
Class C	41.9	26.5	38.1
Compromise	<u>22.7</u>	<u>11.9</u>	<u>10.5</u>
Total	\$174.8	\$ 114.4	\$ 112.3

TOBACCO PRODUCTS TAX

An excise tax is imposed on all non-cigarette tobacco products such as cigars, stogies, snuff, pipe and chewing tobacco. The tax is imposed when the tobacco products are manufactured, imported, or purchased by distributors. Distributors must be licensed annually and remit the tax on a monthly basis.

Revenue	
FY 2000-01	\$4,464,835
2001-02	4,418,839
2002-03	4,558,659

Exemptions

- Tobacco products exported from the State; and
- Tobacco products sold to the federal government.

Number of Taxpayers/Filing Frequency

225 distributors/Monthly

Basis and Rate

20% of the wholesale sales price. Snuff tobacco products are taxed at a rate of 40¢ per ounce.

TOURISM ACCOUNT SURCHARGE

A surcharge is levied on the rental and leasing of passenger motor vehicles for a period of thirty consecutive calendar days or less. Revenues generated by the surcharge are deposited into the "Tourism Account" to be allocated for purposes of the strategic marketing plans and challenge grants required under Conn. Gen. Stat. §32-300.

Revenue	
FY 2000-01	\$4,876,640
2001-02	4,536,350
2002-03	4,433,561

Exemption

The rental or leasing of a motor vehicle pursuant to a written agreement, which has a term of more than thirty days.

Number of Taxpayers / Filing Frequency

18 taxpayers / Monthly
237 taxpayers / Quarterly

Basis and Rate

\$1.00 per rental/leasing day or portion thereof, of passenger motor vehicles.

UNRELATED BUSINESS TAXABLE INCOME TAX

The Unrelated Business Taxable Income Tax is imposed on any trade or business conducted by a tax-exempt organization that does not substantially relate to its tax-exempt purpose. The tax is paid at the same rate as the Corporation Business Tax. For most taxpayers, the due date is either April 15 or May 15, depending on the entity. Foreign trusts however, generally have a due date of June 15.

Revenue	
FY 2000-01	\$ 3,735,458
2001-02	2,392,948
2002-03	903,944

Number of Taxpayers / Filing Frequency

241 organizations / Annually

Basis and Rate

7.5% of the unrelated business income of the organization. A surtax of 20% applies to returns filed for the 2003 income year. This surtax increases to 25% for the 2004 income year. No minimum tax is required.

Credits

For the 2001 income year, 28 taxpayers claimed \$12,365 in Electronic Data Processing Property Tax Credits.

TOURISM DISTRICTS

2003 Conn. Pub. Acts 3 §§107 & 108 (June 30 Special Session), and 2003 Conn. Pub. Acts 6 §248 (June 30 Special Session) repealed Conn. Gen. Stat. §32-30. This act was signed into law August 20, 2003 and applicable to fiscal year ending June 30, 2003. The tourism districts and related entities created under §32-305 no longer exist under the definition set forth in the repealed statute. The 11 tourism districts were merged into new districts, which now fall under the jurisdiction of, and are funded by, a new commission called the Connecticut Commission on Arts, Tourism, Culture, History and Film (CATCH-F). The commission was created in 2003 Conn. Pub. Acts 6 §210 (June 30 Special Session). The related entities are also funded through CATCH-F.

Conn. Gen. Stat. §32-305 provided for the funding of 11 tourism districts and five related entities. All of Connecticut's 169 municipalities were participants in this program. A portion of the \$65.3M in room occupancy tax collections were distributed to the tourism districts and related entities based upon a statutory formula.

The amounts remitted to the 11 tourism districts and related entities were computed based upon the following considerations, and were allocated to the district in which the municipality is located:

1.5% of the gross receipts from hotel room rentals in towns with populations of less than 65,000;

3.5% of the gross receipts from hotel room rentals in towns with populations of 65,000 but less than 75,000. Also, the receipts of the town with the most tourist attractions will be computed at this percentage; and

4.5% of the gross receipts from hotel room rentals in towns with populations of 75,000 or more.

The monies were used to promote tourism at the state and regional levels. A listing of the tourism districts and entities is as follows:

GREATER FAIRFIELD

Bridgeport-Darien-Easton-Fairfield-Greenwich-Monroe-New Canaan-Norwalk-Stamford-Stratford-Weston-Westport-Wilton

GREATER WATERBURY

Beacon Falls-Middlebury-Naugatuck-Oxford-Seymour-Thomaston-Waterbury-Watertown-Wolcott

GREATER NEW HAVEN

Ansonia-Bethany-Derby-East Haven-Hamden-Milford-New Haven-North Branford-North Haven-Orange-Prospect-Shelton-Trumbull-West Haven-Woodbridge

CONNECTICUT VALLEY

Branford-Chester-Clinton-Cromwell-Deep River-Durham-East Haddam-East Hampton-Essex-Guilford-Haddam-Killingworth-Madison-Meriden-Middlefield-Middletown-Old Saybrook-Portland-Wallingford-Westbrook

SOUTHEASTERN CONNECTICUT

Bozrah-Colchester-East Lyme-Franklin-Griswold-Groton-Ledyard-Lisbon-Lyme-Montville-New London-North Stonington-Norwich-Old Lyme-Preston-Salem-Sprague-Stonington-Voluntown-Waterford

LITCHFIELD HILLS

Barkhamsted-Bethlehem-Bristol-Canaan-Colebrook-Cornwall-Goshen-Hartland-Harwinton-Kent-Litchfield-Morris-New Hartford-New Milford-Norfolk-North Canaan-Plymouth-Roxbury-Salisbury-Sharon-Southbury-Torrington-Warren-Washington-Winchester-Woodbury

CENTRAL CONNECTICUT

Berlin-Cheshire-New Britain-Plainville-Southington

GREATER HARTFORD

Andover-Avon-Bolton-Burlington-Canton-East Hartford-Ellington-Farmington-Glastonbury-Hartford-Hebron-Manchester-Marlborough-Newington-Rocky Hill-Simsbury-South Windsor-Tolland-Vernon-West Hartford-Wethersfield

NORTHEAST CONNECTICUT

Ashford-Brooklyn-Canterbury-Chaplin-Columbia-Coventry-Eastford-Hampton-Killingly-Lebanon-Mansfield-Plainfield-Pomfret-Putnam-Scotland-Sterling-Thompson-Union-Willington-Windham-Woodstock

HOUSATONIC VALLEY

Bethel-Bridgewater-Brookfield-Danbury-New Fairfield-Newtown-Redding-Ridgefield-Sherman

CONNECTICUT NORTH CENTRAL

Bloomfield-East Granby-East Windsor-Enfield-Granby-Somers-Stafford-Suffield-Windsor-Windsor Locks

The statutes also provide for the funding of the following entities:

Capital City Economic Development Authority (90% of the amount attributable to room occupancy tax receipts from sales in Hartford);

Greater Hartford Arts Council (10% of the amount attributable to room occupancy tax receipts from sales in Hartford);

TOURISM DISTRICTS (cont.)

New Haven Coliseum Authority (75% of the amount attributable to room occupancy tax receipts from sales in New Haven)

Stamford Center for the Arts (75% of the amount attributable to room occupancy tax receipts from sales in Stamford); and

Maritime Center Authority (75% of the amount attributable to room occupancy tax receipts from sales in Norwalk.)

The following table reflects all amounts paid to the tourism districts and related entities based on hotel occupancies for the period July 1, 2002 through June 30, 2003, as compared to payments made for the period July 1, 2001 through June 30, 2002:

District and/or Entity:	FY 2001-2002	FY 2002-2003
Greater Fairfield	\$1,501,596.44	\$1,321,485.12
Greater Waterbury	421,204.02	304,893.76
Greater New Haven	1,023,103.31	827,881.34
Connecticut Valley District	716,245.33	548,758.29
Southeastern Connecticut	1,888,496.85	1,649,119.91
Litchfield Hills District	348,365.18	271,674.86
Central Connecticut	148,620.14	154,255.15
Greater Hartford Tourism District	1,011,169.30	866,140.19
Northeast Connecticut Visitors District	112,023.57	106,460.03
Housatonic Valley District	1,033,250.46	991,461.14
Connecticut North Central Tourism Bureau	700,086.84	671,959.25
Greater Hartford Arts Council	139,837.15	131,343.34
New Haven Coliseum Authority	786,353.50	775,540.83
Capital City Economic Development Authority	1,258,534.76	1,182,090.29
Norwalk Maritime Center Authority	742,480.47	770,002.70
Stamford Center for the Arts	1,893,055.27	1,755,485.97
Total Payments	\$13,724,422.59	\$12,328,552.17

TAX REFUNDS

The Department of Revenue Services issues refunds to taxpayers when an overpayment of tax liability has been made. The refund is charged to the fund to which such tax, penalty or interest was previously credited. Due to statutory allowances, refunds for Motor Fuel Taxes are allowed in certain cases involving fuel sold to a Connecticut motorbus company or a company engaged in livery service.

Refunds of the Personal Income Tax owed to any person or entity with a debt obligation to the state may be withheld to offset the outstanding debt. There were 1,616 offsets in Fiscal Year 2002-03, totaling \$688,148. Listed below are the refund amounts by tax type, and the total amount of taxes refunded for Fiscal Years 2001-02 and 2002-03.

AMOUNT OF TAXES REFUNDED

TAX TYPE	FY 2001-02	FY 2002-03
Income Tax	\$ 581,084,230	\$ 623,753,088
Corporation Business	202,402,817	128,390,920
Corp. R&D Credit Buyback	21,932,908	10,148,097
Sales & Use	20,347,682	25,371,137
Succession Tax	10,649,547	11,558,639
Motor Fuel	5,824,932	7,519,591
Petroleum Companies	3,333,864	9,471,039
Real Estate Conveyance	2,822,111	719,339
Foreign Insurers	2,372,524	3,937,929
Cigarettes	1,836,587	2,048,677
Motor Carrier	1,743,729	1,456,393
CT Estate Tax	1,700,277	4,927,888
Domestic Insurers	1,431,278	170,270
Health Care Centers	1,081,185	305,296
Gift Tax	872,427	608,177
Tobacco Distributor	719,249	188,250
Unrelated Business Income	387,246	655,065
Controlling Interest	270,593	205,978
Room Occupancy	258,987	32,619.93
Special Motor Fuel	207,781	142,628
Unauthorized Insurers	*	108,997
Admissions, Dues & Cabaret	30,737	22,543
Occupational	25,245	29,506
Alcoholic Beverages	17,617	74,694
Miscellaneous	913,850	28,700
Total	\$862,267,403	\$831,875,460

** Included in Miscellaneous*

2002-03 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
ANDOVER	107	9	\$ 65,020
ANSONIA	576	43	285,656
ASHFORD	231	17	108,449
AVON	915	54	1,235,694
BARKHAMSTED	126	11	72,834
BEACON FALLS	189	14	167,816
BERLIN	640	50	448,843
BETHANY	259	20	198,806
BETHEL	673	34	749,548
BETHLEHEM	124	10	83,574
BLOOMFIELD	699	42	473,637
BOLTON	125	8	79,336
BOZRAH	105	7	37,892
BRANFORD	1,304	95	1,322,870
BRIDGEPORT	3,656	300	2,246,085
BRIDGEWATER	78	5	86,731
BRISTOL	2,121	162	1,468,983
BROOKFIELD	673	70	972,854
BROOKLYN	331	27	172,234
BURLINGTON	403	12	324,253
CANAAN	53	5	34,081
CANTERBURY	221	19	97,880
CANTON	486	21	430,648
CHAPLIN	93	11	38,103
CHESHIRE	875	77	747,069
CHESTER	162	16	219,866
CLINTON	608	44	532,784
COLCHESTER	550	28	351,277
COLEBROOK	69	6	32,175
COLUMBIA	204	16	120,928
CORNWALL	117	6	70,597
COVENTRY	546	60	231,087
CROMWELL	580	37	427,908
DANBURY	2,723	145	2,909,845
DARIEN	722	50	3,432,097
DEEP RIVER	206	19	170,306
DERBY	483	27	475,540
DURHAM	287	34	247,113
EAST GRANBY	181	7	167,856
EAST HADDAM	453	26	254,584
EAST HAMPTON	534	39	371,339
EAST HARTFORD	1,375	100	611,987
EAST HAVEN	1,081	88	619,997

2002-03 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
EAST LYME	794	43	\$ 583,258
EAST WINDSOR	368	34	281,311
EASTFORD	94	5	29,802
EASTON	256	25	534,181
ELLINGTON	528	37	429,581
ENFIELD	1,319	86	1,025,385
ESSEX	321	24	361,480
FAIRFIELD	1,995	123	3,752,458
FARMINGTON	1,137	83	946,153
FRANKLIN	74	9	62,164
GLASTONBURY	1,317	151	1,312,481
GOSHEN	216	6	146,527
GRANBY	453	34	332,551
GREENWICH	1,934	171	12,032,520
GRISWOLD	481	27	189,601
GROTON	1,172	72	1,125,698
GUILFORD	911	64	1,160,821
HADDAM	321	20	210,364
HAMDEN	1,876	105	1,320,256
HAMPTON	64	4	37,203
HARTFORD	2,063	245	1,517,435
HARTLAND	58	9	24,779
HARWINTON	194	16	111,903
HEBRON	374	32	288,206
KENT	168	16	227,031
KILLINGLY	663	54	262,702
KILLINGWORTH	285	18	243,950
LEBANON	284	23	121,083
LEDYARD	534	27	341,149
LISBON	119	6	48,712
LITCHFIELD	300	21	260,018
LYME	109	13	92,202
MADISON	648	32	863,617
MANCHESTER	1,706	145	1,402,480
MANSFIELD	411	42	275,074
MARLBOROUGH	232	13	188,613
MERIDEN	1,871	205	886,549
MIDDLEBURY	270	28	444,230
MIDDLEFIELD	143	19	94,441
MIDDLETOWN	1,434	117	849,469
MILFORD	2,108	152	1,954,483
MONROE	599	37	824,907
MONTVILLE	791	38	476,829

2002-03 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
MORRIS	135	13	\$ 109,255
NAUGATUCK	1,034	65	563,492
NEW BRITAIN	1,805	151	1,050,426
NEW CANAAN	751	60	3,738,657
NEW FAIRFIELD	534	30	719,804
NEW HARTFORD	321	16	173,977
NEW HAVEN	2,862	416	1,933,113
NEW LONDON	677	43	338,075
NEW MILFORD	1,247	95	1,157,605
NEWINGTON	1,025	61	812,192
NEWTOWN	1,135	78	1,599,375
NORFOLK	94	10	66,834
NORTH BRANFORD	457	29	379,810
NORTH CANAAN	111	14	71,799
NORTH HAVEN	655	50	509,923
NORTH STONINGTON	273	14	164,057
NORWALK	2,645	183	5,043,768
NORWICH	1,275	97	841,619
OLD LYME	478	24	376,601
OLD SAYBROOK	543	26	588,978
ORANGE	441	37	714,684
OXFORD	470	40	432,393
PLAINFIELD	628	56	235,771
PLAINVILLE	625	40	393,661
PLYMOUTH	451	49	226,241
POMFRET	165	13	92,103
PORTLAND	402	51	251,149
PRESTON	212	9	85,633
PROSPECT	301	13	189,938
PUTNAM	300	18	157,016
REDDING	366	36	735,863
RIDGEFIELD	964	39	2,640,075
ROCKY HILL	684	30	515,254
ROXBURY	90	9	150,669
SALEM	224	20	128,187
SALISBURY	218	12	283,009
SCOTLAND	71	6	27,520
SEYMOUR	614	49	448,790
SHARON	154	9	139,867
SHELTON	1,317	82	1,380,346
SHERMAN	181	23	209,244
SIMSBURY	828	45	1,262,860
SOMERS	271	27	196,299

2002-03 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
SOUTH WINDSOR	964	74	\$ 832,805
SOUTHBURY	898	58	848,305
SOUTHINGTON	1,484	108	1,261,085
SPRAGUE	95	5	40,968
STAFFORD	553	22	247,276
STAMFORD	3,514	218	6,882,642
STERLING	199	9	100,170
STONINGTON	819	40	869,164
STRATFORD	1,726	112	1,349,004
SUFFIELD	475	47	411,245
THOMASTON	245	11	161,895
THOMPSON	332	36	162,117
TOLLAND	544	62	422,323
TORRINGTON	1,382	113	697,748
TRUMBULL	1,057	62	1,446,097
UNION	51	3	20,484
VERNON	854	63	574,997
VOLUNTOWN	144	18	61,314
WALLINGFORD	1,400	120	1,386,535
WARREN	131	5	151,754
WASHINGTON	222	10	429,689
WATERBURY	3,240	336	1,862,969
WATERFORD	748	46	568,434
WATERTOWN	622	68	434,699
WEST HARTFORD	2,155	95	2,144,808
WEST HAVEN	1,650	117	914,311
WESTBROOK	732	40	311,616
WESTON	371	40	1,277,717
WESTPORT	1,038	102	4,531,827
WETHERSFIELD	825	45	664,959
WILLINGTON	187	10	114,110
WILTON	644	43	1,764,629
WINCHESTER	469	40	204,671
WINDHAM	612	52	345,022
WINDSOR	976	54	988,152
WINDSOR LOCKS	449	36	315,154
WOLCOTT	623	41	340,860
WOODBIDGE	332	22	499,075
WOODBURY	441	25	400,036
WOODSTOCK	376	37	197,152
TOTAL	118,552	8,395	\$128,243,589

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2002 AND 2003
(IN THOUSANDS)

TOWN	Retail Sales FY 2001-02 (SIC 52-59)	Retail Sales FY 2002-03 (SIC 52-59)	Sales & Use Tax FY 2001-02 (All Businesses)	Sales & Use Tax FY 2002-03 (All Businesses)	SUT Collections % Change FY 03/FY 02
ANDOVER	\$ 5,547.6	\$ 6,362.7	\$ 495.7	\$ 482.1	-2.75%
ANSONIA	298,246.8	88,173.9	10,607.9	5,249.6	-50.51%
ASHFORD	5,306.0	5,200.5	470.0	438.1	-6.78%
AVON	354,943.3	340,145.3	14,398.0	16,127.7	12.01%
BARKHAMSTED	23,095.9	21,018.9	1,060.4	1,104.2	4.13%
BEACON FALLS	6,009.8	5,955.2	624.0	575.3	-7.80%
BERLIN	591,981.2	558,263.5	51,216.5	43,877.6	-14.33%
BETHANY	8,267.4	6,563.0	869.2	867.1	-0.24%
BETHEL	93,042.1	96,924.1	7,117.2	6,736.0	-5.36%
BETHLEHEM	6,239.1	6,162.6	585.4	615.7	5.18%
BLOOMFIELD	292,216.8	265,745.0	15,562.3	16,001.9	2.83%
BOLTON	15,011.6	13,453.1	1,754.5	1,819.7	3.72%
BOZRAH	7,483.4	6,765.1	987.9	1,076.5	8.96%
BRANFORD	877,039.2	957,849.7	31,596.4	35,115.7	11.14%
BRIDGEPORT	727,347.5	717,248.0	61,737.7	59,815.3	-3.11%
BRIDGEWATER	6,276.4	6,116.4	416.3	381.8	-8.28%
BRISTOL	364,566.3	350,137.8	25,712.3	25,787.3	0.29%
BROOKFIELD	592,598.2	639,834.2	21,978.7	21,705.7	-1.24%
BROOKLYN	28,316.0	30,400.6	1,514.8	1,543.6	1.90%
BURLINGTON	6,935.2	7,493.0	769.2	767.0	-0.29%
CANAAN	18,302.6	19,215.6	1,320.0	1,458.5	10.49%
CANTERBURY	9,093.4	7,620.9	666.5	881.3	32.23%
CANTON	159,391.7	146,545.0	9,299.0	8,754.7	-5.85%
CHAPLIN	760.6	1,678.4	178.2	216.1	21.26%
CHESHIRE	303,050.5	294,689.5	14,917.7	13,646.0	-8.52%
CHESTER	13,683.9	11,500.7	1,115.3	1,015.2	-8.98%
CLINTON	144,769.5	130,800.1	7,378.7	7,500.0	1.64%
COLCHESTER	147,420.5	159,611.1	5,259.6	5,504.6	4.66%
COLEBROOK	954.4	603.2	88.3	57.6	-34.76%
COLUMBIA	43,119.9	45,220.9	2,582.5	2,774.6	7.44%
CORNWALL	26,016.3	27,839.6	1,656.8	1,694.0	2.25%
COVENTRY	30,859.7	25,246.5	1,626.5	1,444.5	-11.19%
CROMWELL	55,693.2	54,930.2	5,685.6	5,450.8	-4.13%
DANBURY	4,422,511.4	4,153,168.3	109,541.6	111,764.4	2.03%
DARIEN	412,760.6	438,302.2	23,754.2	25,480.6	7.27%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.
Connecticut Department of Revenue Services 2002-03 Annual Report

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2002 AND 2003
(IN THOUSANDS)

TOWN	Retail Sales FY 2001-02 (SIC 52-59)	Retail Sales FY 2002-03 (SIC 52-59)	Sales & Use Tax FY 2001-02 (All Businesses)	Sales & Use Tax FY 2002-03 (All Businesses)	SUT Collections % Change FY 03/FY 02
DEEP RIVER	10,702.3	9,912.2	1,009.2	994.3	-1.47%
DERBY	324,667.2	304,784.8	12,095.8	11,647.1	-3.71%
DURHAM	22,877.3	17,885.7	1,644.1	1,733.0	5.41%
EAST GRANBY	17,682.3	16,232.3	2,333.1	2,068.9	-11.32%
EAST HADDAM	30,405.7	27,043.4	1,970.7	1,862.7	-5.48%
EAST HAMPTON	27,268.1	23,022.0	1,765.7	1,721.4	-2.51%
EAST HARTFORD	761,168.1	717,836.7	42,325.1	42,345.9	0.05%
EAST HAVEN	168,576.2	189,002.5	9,327.3	9,837.0	5.46%
EAST LYME	81,087.0	81,409.4	4,814.0	4,913.5	2.07%
EAST WINDSOR	146,740.9	129,094.1	6,499.3	6,299.0	-3.08%
EASTFORD	7,358.0	7,598.2	487.6	452.4	-7.22%
EASTON	6,566.7	6,775.2	763.6	814.1	6.61%
ELLINGTON	135,127.1	98,191.0	5,521.6	5,546.4	0.45%
ENFIELD	365,462.9	385,271.6	19,910.3	21,493.3	7.95%
ESSEX	49,840.7	53,910.6	4,058.6	4,401.4	8.45%
FAIRFIELD	669,179.6	704,127.4	39,826.8	41,153.3	3.33%
FARMINGTON	588,507.1	547,039.9	25,596.0	25,970.9	1.46%
FRANKLIN	9,097.4	10,777.9	1,216.3	1,263.6	3.89%
GLASTONBURY	250,864.6	269,162.7	17,797.8	18,638.0	4.72%
GOSHEN	3,906.7	4,093.0	360.4	368.2	2.17%
GRANBY	31,217.2	31,297.9	2,543.5	2,486.7	-2.23%
GREENWICH	1,276,554.3	1,222,474.8	68,041.6	65,983.4	-3.02%
GRISWOLD	29,155.2	25,533.4	1,415.9	1,324.9	-6.43%
GROTON	282,040.4	273,170.5	40,822.0	33,429.3	-18.11%
GUILFORD	139,328.4	195,417.2	7,676.1	8,431.1	9.84%
HADDAM	22,813.9	23,978.2	1,359.8	1,221.7	-10.15%
HAMDEN	308,695.7	316,525.5	24,492.6	23,595.4	-3.66%
HAMPTON	1,444.8	1,968.8	99.1	112.3	13.28%
HARTFORD	1,561,028.7	1,540,526.9	137,761.4	130,682.0	-5.14%
HARTLAND	1,605.7	876.1	215.7	142.3	-34.04%
HARWINTON	7,235.8	7,198.2	709.7	727.0	2.43%
HEBRON	23,314.9	24,401.9	1,094.6	1,042.0	-4.80%
KENT	32,943.4	33,285.9	1,824.1	1,871.2	2.58%
KILLINGLY	81,393.9	90,527.0	4,799.0	5,597.9	16.65%
KILLINGWORTH	19,028.2	18,537.6	935.5	888.4	-5.04%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2002 AND 2003
(IN THOUSANDS)

TOWN	Retail Sales FY 2001-02 (SIC 52-59)	Retail Sales FY 2002-03 (SIC 52-59)	Sales & Use Tax FY 2001-02 (All Businesses)	Sales & Use Tax FY 2002-03 (All Businesses)	SUT Collections % Change FY 03/FY 02
LEBANON	6,208.9	6,824.0	554.0	605.0	9.21%
LEDYARD	42,327.3	43,938.5	5,737.5	5,504.4	-4.06%
LISBON	42,158.4	40,579.6	1,299.4	1,267.7	-2.44%
LITCHFIELD	102,543.1	97,904.1	6,125.0	6,089.6	-0.58%
LYME	12,868.7	13,746.1	577.3	659.7	14.27%
MADISON	134,157.5	131,116.7	8,097.3	7,802.2	-3.64%
MANCHESTER	2,131,051.3	2,941,992.7	84,668.9	117,473.2	38.74%
MANSFIELD	65,877.2	72,681.9	3,048.6	3,175.5	4.16%
MARLBOROUGH	22,508.1	23,143.0	1,510.8	1,414.0	-6.41%
MERIDEN	413,399.0	417,510.4	26,909.6	26,645.0	-0.98%
MIDDLEBURY	74,542.5	70,162.5	4,004.6	3,969.0	-0.89%
MIDDLEFIELD	8,357.9	8,285.2	882.7	875.6	-0.80%
MIDDLETOWN	552,426.2	572,487.6	29,519.6	30,361.6	2.85%
MILFORD	633,994.3	622,449.1	40,616.0	41,021.7	1.00%
MONROE	114,899.9	120,359.1	9,514.8	9,621.4	1.12%
MONTVILLE	65,605.3	84,932.4	5,419.1	5,041.0	-6.98%
MORRIS	3,461.0	3,390.2	652.0	575.4	-11.74%
NAUGATUCK	109,903.2	120,307.6	6,914.7	7,347.3	6.26%
NEW BRITAIN	429,064.7	423,188.9	28,834.9	28,639.6	-0.68%
NEW CANAAN	202,219.8	216,871.8	10,970.8	11,226.6	2.33%
NEW FAIRFIELD	30,052.1	30,065.0	1,313.3	1,299.9	-1.02%
NEW HARTFORD	19,331.5	12,815.6	863.8	829.2	-4.01%
NEW HAVEN	939,084.9	953,446.1	138,731.5	150,119.7	8.21%
NEW LONDON	382,720.2	380,949.8	22,914.4	22,253.2	-2.89%
NEW MILFORD	211,200.1	216,491.5	13,207.9	12,886.6	-2.43%
NEWINGTON	404,988.7	353,567.0	20,031.5	17,392.6	-13.17%
NEWTOWN	102,275.6	105,373.5	5,887.9	6,013.8	2.14%
NORFOLK	3,548.7	3,466.0	468.7	435.3	-7.13%
NORTH BRANFORD	35,474.7	45,424.5	4,244.9	4,264.4	0.46%
NORTH CANAAN	21,169.1	19,217.0	1,628.8	1,594.2	-2.12%
NORTH HAVEN	1,249,463.1	1,266,616.0	75,328.4	76,021.4	0.92%
NORTH STONINGTON	15,773.7	15,752.9	1,025.9	1,156.2	12.71%
NORWALK	761,812.3	847,366.5	87,685.8	93,873.5	7.06%
NORWICH	456,122.5	502,746.7	23,628.6	23,786.3	0.67%
OLD LYME	29,541.6	35,894.1	2,356.4	2,305.6	-2.16%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.
Connecticut Department of Revenue Services 2002-03 Annual Report

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2002 AND 2003
(IN THOUSANDS)

TOWN	Retail Sales FY 2001-02 (SIC 52-59)	Retail Sales FY 2002-03 (SIC 52-59)	Sales & Use Tax FY 2001-02 (All Businesses)	Sales & Use Tax FY 2002-03 (All Businesses)	SUT Collections % Change FY 03/FY 02
OLD SAYBROOK	187,184.5	183,515.3	11,847.3	11,729.2	-1.00%
ORANGE	178,805.8	184,043.2	24,524.7	26,007.9	6.05%
OXFORD	26,036.8	29,148.0	2,178.2	2,429.7	11.55%
PLAINFIELD	88,077.1	93,844.9	5,231.4	5,419.1	3.59%
PLAINVILLE	248,503.4	232,409.1	17,282.6	20,087.5	16.23%
PLYMOUTH	50,052.5	52,196.9	2,900.3	3,013.4	3.90%
POMFRET	13,336.1	25,671.2	701.9	699.8	-0.31%
PORTLAND	81,626.3	84,036.6	3,741.0	3,574.8	-4.44%
PRESTON	47,001.7	39,360.2	1,057.2	951.7	-9.98%
PROSPECT	29,208.9	29,521.7	1,952.0	1,998.6	2.39%
PUTNAM	93,244.4	88,991.3	5,162.9	4,999.7	-3.16%
REDDING	13,782.2	15,509.0	1,629.4	1,395.4	-14.36%
RIDGEFIELD	205,561.3	192,036.9	13,672.4	14,474.7	5.87%
ROCKY HILL	95,501.5	97,080.4	13,945.7	14,709.6	5.48%
ROXBURY	6,577.8	7,587.9	399.2	454.4	13.84%
SALEM	7,421.0	7,416.2	764.4	739.5	-3.25%
SALISBURY	32,169.4	29,824.7	2,866.1	2,541.9	-11.31%
SCOTLAND	906.6	837.3	96.7	92.5	-4.29%
SEYMOUR	250,225.3	129,645.7	12,738.3	10,158.5	-20.25%
SHARON	60,482.4	10,430.6	822.8	809.7	-1.60%
SHELTON	798,886.6	248,095.0	41,852.0	19,825.6	-52.63%
SHERMAN	5,562.5	5,066.0	348.5	381.9	9.59%
SIMSBURY	180,286.5	186,385.3	11,920.9	12,179.7	2.17%
SOMERS	25,410.9	22,885.8	1,959.1	1,572.5	-19.74%
SOUTH WINDSOR	183,502.7	174,473.9	15,943.1	15,582.8	-2.26%
SOUTHBURY	79,660.6	75,493.2	5,728.0	5,877.6	2.61%
SOUTHINGTON	280,092.9	270,809.1	15,674.4	14,279.5	-8.90%
SPRAGUE	2,784.7	2,053.5	350.8	332.0	-5.36%
STAFFORD	139,689.6	142,505.2	9,310.6	9,506.8	2.11%
STAMFORD	1,412,798.9	1,519,005.2	113,505.9	114,808.1	1.15%
STERLING	2,058.1	2,293.9	169.0	189.7	12.27%
STONINGTON	144,101.4	144,893.3	11,303.6	10,935.8	-3.25%
STRATFORD	547,244.1	573,292.2	35,769.4	36,319.9	1.54%
SUFFIELD	46,026.4	45,617.8	4,848.4	4,813.2	-0.73%
THOMASTON	32,146.9	37,973.4	3,377.6	3,630.9	7.50%

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**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2002 AND 2003
(IN THOUSANDS)

TOWN	Retail Sales FY 2001-02 (SIC 52-59)	Retail Sales FY 2002-03 (SIC 52-59)	Sales & Use Tax FY 2001-02 (All Businesses)	Sales & Use Tax FY 2002-03 (All Businesses)	SUT Collections % Change FY 03/FY 02
THOMPSON	9,219.3	9,279.1	2,706.9	3,015.5	11.40%
TOLLAND	31,817.4	34,975.9	2,122.8	2,241.4	5.59%
TORRINGTON	444,511.4	419,217.0	22,729.7	21,695.5	-4.55%
TRUMBULL	180,088.5	174,634.1	12,950.0	12,826.2	-0.96%
UNION	7,362.8	9,449.4	375.7	399.2	6.25%
VERNON	264,011.3	247,405.7	16,174.2	14,656.2	-9.39%
VOLUNTOWN	5,229.6	5,613.9	337.0	339.6	0.76%
WALLINGFORD	413,775.8	408,330.7	31,283.3	31,596.4	1.00%
WARREN	852.6	439.0	202.2	155.4	-23.16%
WASHINGTON	32,602.7	32,464.8	2,619.9	2,427.3	-7.35%
WATERBURY	848,264.1	887,538.9	46,294.9	47,140.5	1.83%
WATERFORD	366,502.1	405,157.2	21,141.9	24,416.7	15.49%
WATERTOWN	353,941.5	342,775.3	14,660.6	15,286.3	4.27%
WEST HARTFORD	654,652.8	650,768.7	37,087.0	36,490.2	-1.61%
WEST HAVEN	295,494.8	316,804.6	21,609.5	23,074.9	6.78%
WESTBROOK	64,177.7	60,483.6	5,659.0	5,499.2	-2.82%
WESTON	14,770.6	15,591.4	1,633.8	1,508.3	-7.68%
WESTPORT	1,297,286.4	1,382,421.9	38,291.4	38,602.1	0.81%
WETHERSFIELD	166,134.3	159,077.4	19,906.3	18,732.7	-5.90%
WILLINGTON	13,263.6	11,464.3	1,665.6	1,689.9	1.46%
WILTON	298,118.1	287,306.2	15,330.6	15,027.0	-1.98%
WINCHESTER	54,449.9	55,995.5	3,199.6	3,179.0	-0.64%
WINDHAM	150,489.2	149,549.8	8,018.3	7,846.3	-2.15%
WINDSOR	167,479.4	155,639.1	12,437.0	13,036.5	4.82%
WINDSOR LOCKS	78,389.2	75,613.4	12,781.2	11,619.5	-9.09%
WOLCOTT	36,996.2	37,250.8	2,937.0	3,153.8	7.38%
WOODBIDGE	25,393.7	22,141.3	5,887.8	4,478.6	-23.93%
WOODBURY	68,405.2	79,913.3	5,178.2	5,102.8	-1.46%
WOODSTOCK	43,418.5	46,424.0	2,374.6	2,560.3	7.82%
OUT OF STATE	4,517,468.8	5,824,456.1	491,920.2	486,955.7	-1.01%
TOTAL	\$43,924,403	\$45,168,872	\$2,857,926	\$2,863,614	0.20%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.

NATIONWIDE COMPARISON OF TAX RATES

STATE	CORPORATION TAX RATES (%)	SALES AND USE TAX RATES (%)	MOTOR FUEL TAX RATES (¢ PER GAL)	CIGARETTE TAX RATE (¢ PER PACK)
Alabama	6.5	4.0	16.0	16.5
Alaska	9.4	None	8.0	100.0
Arizona	6.968	5.6	18.0	118.0
Arkansas	6.5	5.125	21.5	59.0
California	8.84	6.0	18.0	87.0
Colorado	4.63	2.9	22.0	20.0
Connecticut	7.5	6.0	25.0	151.0
Delaware	8.7	None	23.0	55.0
Florida	5.5	6.0	4.0	33.9
Georgia	6.0	4.0	7.5	37.0
Hawaii	6.4	4.0	16.0	130.0
Idaho	7.6	6.0	25.0	57.0
Illinois	7.3	6.25	19.0	98.0
Indiana	8.5	6.0	18.0	55.5
Iowa	12.0	5.0	20.3	36.0
Kansas	4.0	5.3	24.0	79.0
Kentucky	8.25	6.0	15.0	3.0
Louisiana	8.0	4.0	20.0	36.0
Maine	8.93	5.0	24.6	100.0
Maryland	7.0	5.0	23.5	100.0
Massachusetts	9.5	5.0	21.0	151.0
Michigan	2.0	6.0	19.0	125.0
Minnesota	9.8	6.5	20.0	48.0
Mississippi	5.0	7.0	18.0	18.0
Missouri	6.25	4.225	17.0	17.0
Montana	6.75	None	27.0	70.0
Nebraska	7.81	5.5	24.8	64.0
Nevada	None	6.5	24.0	80.0
New Hampshire	8.5	None	18.0	52.0
New Jersey	9.0	6.0	10.5	205.0
New Mexico	7.6	5.0	17.0	91.0
New York	7.5	4.25	8.0	150.0
North Carolina	6.9	4.5	24.3	5.0
North Dakota	10.5	5.0	21.0	44.0
Ohio	8.5	6.0	24.0	55.0
Oklahoma	6.0	4.5	16.0	23.0
Oregon	6.6	None	24.0	128.0
Pennsylvania	9.99	6.0	12.0	100.0
Rhode Island	9.0	7.0	30.0	171.0
South Carolina	5.0	5.0	16.0	7.0
South Dakota	None	4.0	22.0	53.0
Tennessee	6.5	7.0	20.0	20.0
Texas	4.5	6.25	20.0	41.0
Utah	5.0	4.75	24.5	69.5
Vermont	9.75	6.0	19.0	119.0
Virginia	6.0	3.5	17.5	2.5
Washington	None	6.5	28.0	142.5
West Virginia	9.0	6.0	20.5	55.0
Wisconsin	7.9	5.0	28.5	77.0
Wyoming	None	4.0	13.0	60.0

2002-03 ANNUAL REPORT
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